Yearly Financial Report 2020

STRABAG
SOCIETAS EUROPAEA

INHALT

CONSOLIDATED FINANCIAL STATEMENTS 2020

STRABAG
SOCIETAS EUROPAEA

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**

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.

T€	Share capital	Capital reserves	Retained earnings	Hedging reserves[1]	Foreign currency reserves	Group equity	Non-controllin g 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[2]	–	–	-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€ 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 consolidation	Disposals in scope of consolidation	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**

	Accumulated depreciation									
	Balance as at 1.1. 2020	**Additions in scope of con-solida-tion**	**Disposals in scope of con-soli-dation**	**Cur-rency trans-lation**	**Addi-tions[1]**	**Trans-fers**	**Dispo-sals**	**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 consoli-dation	Disposals in scope of consoli-dation	Currency translation	Addi-tions	Trans-fers	Dispo-sals	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									
	Balance as at 1.1.2019	**Additions in scope of consoli-dation**	**Disposals in scope of consoli-dation**	**Currency trans-lation**	**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 SE Group is a leading European technology group for construction services. STRABAG SE 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

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

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.

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	

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.

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.

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 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

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

The 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
- 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.

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 expenditure attributable to the asset during its development. The construction costs for these assets comprise all construction costs directly attributable to the construction process as well as production-related overheads. Borrowing costs are capitalised for qualified assets. Research costs which do not fulfil these criteria are recognised as an expense in the period in which they are incurred. Costs that have already been recognised as an expense are not capitalised in a subsequent period.

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

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

Intangible assets	**Useful life in years**
Property rights/utilisation rights/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.

T€	Carrying amount 31.12.2020	Methodology 31.12.2020	Detailed planning period 31.12.2020	Growth rate 31.12.2020	Discount rate after tax 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 abovementioned 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.

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 consoli-dation	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 consoli-dation	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€	31.12.2020	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:

T€	31.12.2020			31.12.2019		
	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:

T€	31.12.2020			31.12.2019		
	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 consoli-dation	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**

1 In the other personnel-related provisions plan assets in the amount of T€ 0 (2019: T€ 2,635) are deducted.

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	0.70
	(2019: 2.00)	(2019: 0.00)	adaption	(2019: 1.00)
Future pension increase (%)		dependent on contractual		
	n.a.	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)

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

1 Sign: - increase of obligation, + decrease of obligation

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**

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**

1 All shares and bonds are traded in an active market.

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

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 LIABILITES

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**

1 The recognition in the balance sheet was made under current and non-current other financial liabilities.

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**

1 The recognition in the balance sheet was made under current and non-current other financial liabilities.

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**

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:

		31.12.2020			31.12.2019	
T€	**Measurement category according to IFRS 9**	**Carrying amount**	**Fair value**	**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:

T€

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:

T€

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 PAN-SUEVIA	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 PAN-SUEVIA	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:

T€	1–6 months	6–12 months	Maturity > 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:

T€	1–6 months	6–12 months	Maturity > 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 Birtel (CEO)

Mag. Christian Harder

Klemens Haselsteiner (since 1 January 2020)

Dipl.-Ing. Dr. Peter Krammer

Dipl.-Ing. Siegfried Wanker

Dipl.-Ing. (FH) Alfred Watzl

Supervisory Board

Dr. Alfred Gusenbauer (Chairman)

Mag. Erwin Hameseder (Vice Chairman)

Dr. Andreas Brandstetter

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 m.p.
CEO
Responsibility Central Staff Divisions
and Central Divisions BMTI,
CML as well as TPA

Mag. Christian Harder m.p.
CFO
Responsibility Central Division BRVZ

Klemens Haselsteiner m.p.
Responsibility Central Divisions
STRABAG Innovation & Digitalisation
as well as Zentrale Technik,
Division NN Russia

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

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

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

List of subsidiaries, equity-accounted investments and investee companies as at 31.12.2020

Consolidated companies

Company	Residence	Direct stake %	
"A-WAY Infrastrukturprojektentwicklungs- und -betriebs GmbH"	Spittal an der Drau	100.00	
"Crnagoraput" AD, Podgorica	Podgorica	95.32	
"SBS Strabag Bau Holding Service GmbH"	Spittal an der Drau	100.00	
"STRABAG REAL ESTATE" EOOD	Sofia	100.00	
"Strabag" d.o.o. Podgorica	Podgorica	100.00	
"VITOSHA VIEW" EOOD	Sofia	100.00	
"Wiener Heim" Wohnbaugesellschaft m.b.H.	Vienna	100.00	
ABR Abfall Behandlung und Recycling GmbH	Schwadorf	100.00	
AKA Zrt.	Budapest	100.00	
Alpines Hartschotterwerk GmbH	Leinfelden-Echterdingen	100.00	1
AMFI HOLDING Kft.	Budapest	100.00	
ANTREPRIZA DE REPARATII SI LUCRARI A R L CLUJ SA	Cluj-Napoca	98.59	
ASIA Center Kft.	Budapest	100.00	
Asphalt & Beton GmbH	Spittal an der Drau	100.00	
AUSTRIA ASPHALT GmbH & Co OG	Spittal an der Drau	100.00	
Bau Holding Beteiligungs GmbH	Spittal an der Drau	100.00	
Baumann & Burmeister GmbH	Halle/Saale	100.00	1
BEWO - Projekt Q4a Reininghausstraße GmbH & Co KG	Graz	60.00	
BHG Bitumenhandelsgesellschaft mbH	Hamburg	100.00	1
BHG CZ s.r.o.	Ceske Budejovice	100.00	
BHG Sp. z o.o.	Pruszkow	100.00	
BHK KRAKÓW JOINT VENTURE Sp. z o.o.	Warsaw	100.00	
Bitumen Handelsgesellschaft m.b.H. & Co KG	Loosdorf	100.00	
BITUNOVA Baustofftechnik Gesellschaft m.b.H.	Spittal an der Drau	100.00	
BITUNOVA GmbH	Duesseldorf	100.00	1
Bitunova Kft.	Budapest	100.00	
BITUNOVA Romania SRL	Bucharest	100.00	
BITUNOVA Sp. z o.o.	Warsaw	100.00	
BITUNOVA spol. s r.o.	Jihlava	100.00	
BITUNOVA spol. s r.o.	Zvolen	100.00	
Blees-Kölling-Bau GmbH	Cologne	100.00	1
Blutenburg Projekt GmbH	Cologne	100.00	1
Böhm Stadtbaumeister & Gebäudetechnik GmbH	Vienna	100.00	
BONDENO INVESTMENTS LTD	Limassol	100.00	
BrennerRast GmbH	Vienna	100.00	
Bug-AluTechnic GmbH	Vienna	100.00	
Campus Eggenberg Immobilienprojekt GmbH	Graz	60.00	
Chustskij Karier	Zakarpatska	100.00	
CML Construction Services GmbH	Cologne	100.00	
DC1 Immo GmbH	Vienna	100.00	
Deutsche Asphalt GmbH	Cologne	100.00	1
Diabaswerk Saalfelden Gesellschaft m.b.H.	Saalfelden	100.00	
DISTRICT DEVELOPMENT SRL	Bucharest	100.00	
DIW Aircraft Services GmbH	Stuttgart	100.00	1
DIW Instandhaltung GmbH	Stuttgart	100.00	1
DIW Mechanical Engineering GmbH	Stuttgart	100.00	1
DIW System Dienstleistungen GmbH	Fürstenfeldbruck	100.00	1
DYWIDAG International GmbH	Cologne	100.00	1
Dywidag Saudi Arabia Co. Ltd.	Jubail	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.

Consolidated companies

Company	Residence	Direct stake %	
DYWIDAG-Holding GmbH	Cologne	100.00	1
Eckstein Holding GmbH	Spittal an der Drau	100.00	
Ed. Züblin AG	Stuttgart	100.00	1
EFKON GmbH	Raaba	100.00	
EFKON INDIA Pvt. Ltd.	Mumbai	100.00	
EFKON SOUTH AFRICA (PTY) LTD	Pretoria	100.00	
Eraproject Immobilien-, Projektentwicklung und Beteiligungsverwaltung GmbH	Berlin	100.00	1
Erdberger Mais GmbH & Co KG	Vienna	100.00	
ERRICHTUNGSGESELLSCHAFT STRABAG SLOVENSKO s.r.o.	Bratislava-Ruzinov	100.00	
EVOLUTION ONE Sp. z o.o.	Warsaw	100.00	
EVOLUTION THREE Sp. z o.o.	Warsaw	100.00	
EVOLUTION TWO Sp. z o.o.	Warsaw	100.00	
EXP HOLDING Kft.	Budapest	100.00	2
F 101 Projekt GmbH & Co. KG	Cologne	100.00	
F. Kirchhoff GmbH	Leinfelden-Echterdingen	100.00	1
F. Lang u. K. Menhofer Baugesellschaft m.b.H. & Co. KG	Viennaer Neustadt	100.00	
F.K. SYSTEMBAU GmbH	Münsingen	100.00	1
Fahrleitungsbau GmbH	Essen	100.00	1
First-Immo Hungary Kft.	Budapest	100.00	
FRISCHBETON s.r.o.	Prague	100.00	
Frissbeton Kft.	Budapest	100.00	
Gaul GmbH	Sprendlingen	100.00	
GBS Gesellschaft für Bau und Sanierung mbH	Leuna	100.00	
Generál Mélyés Magasépitö Zrt.	Budapest	100.00	
Goldeck Bergbahnen GmbH	Spittal an der Drau	100.00	
Griproad Spezialbeläge und Baugesellschaft mbH	Cologne	100.00	1
Hexagon Projekt GmbH & Co. KG	Cologne	100.00	1
HUMMEL Komplementär GmbH	Frickenhausen	100.00	1
HUMMEL Systemhaus GmbH & Co. KG	Frickenhausen	100.00	1
I.C.S. "STRABAG" S.R.L.	Chisinau	100.00	
Ilbau GmbH Deutschland	Berlin	100.00	
Ilbau Liegenschaftsverwaltung GmbH	Spittal an der Drau	100.00	
InfoSys Informationssysteme GmbH	Spittal an der Drau	100.00	
Innsbrucker Nordkettenbahnen Betriebs GmbH	Innsbruck	51.00	
ITC Engineering AG & Co. KG	Stuttgart	100.00	1
KAB Straßensanierung GmbH & Co KG	Spittal an der Drau	50.60	
KAMENOLOMY CR s.r.o.	Ostrava	100.00	
Kanzel Steinbruch Dennig Gesellschaft mit beschränkter Haftung	Gratkorn	75.00	
KMG - KLIPLEV MOTORWAY GROUP A/S	Aarhus	100.00	
KÖKA Kft.	Budapest	100.00	
Krems Sunside Living Projektentwicklung GmbH	Vienna	100.00	
KSR - Kamenolomy SR, s.r.o.	Zvolen	100.00	
Kuhwald 55 Projekt GmbH & Co. KG	Cologne	100.00	1
Lift-Off GmbH & Co. KG	Cologne	100.00	1
LIMET Beteiligungs GmbH	Cologne	100.00	1
LIMET Beteiligungs GmbH & Co. Objekt Köln KG	Cologne	94.00	1
M5 Beteiligungs GmbH	Vienna	100.00	
M5 Holding GmbH	Vienna	100.00	
MAV Kelheim GmbH	Kelheim	100.00	
MAV Mineralstoff - Aufbereitung und - Verwertung GmbH	Krefeld	50.00	3

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 presentation of interest is done using the economic approach, the interest as defined by civil law may deviate from this presentation.
3 The voting rights according to the contract of association amount to 50% plus one vote.

Consolidated companies

Company	Residence	Direct stake %	
MAV Mineralstoff - Aufbereitung und Verwertung Lünen GmbH	Lünen	100.00	
Metallica Stahl- und Fassadentechnik GmbH	Vienna	100.00	
Mineral Abbau GmbH	Spittal an der Drau	100.00	
Mineral Baustoff GmbH	Cologne	100.00	1
MINERAL IGM d.o.o.	Zapuzane	100.00	
Mineral Polska Sp. z o.o.	Czarny Bor	100.00	
MINERAL ROM SRL	Brasov	100.00	
Mischek Bauträger Service GmbH	Vienna	100.00	
Mischek Systembau GmbH	Vienna	100.00	
Mitterhofer Projekt GmbH & Co. KG	Cologne	100.00	1
MOBIL Baustoffe GmbH	Munich	100.00	1
MOBIL Baustoffe GmbH	Spittal an der Drau	100.00	
N.V. STRABAG Belgium S.A.	Antwerpen	100.00	
N.V. STRABAG Benelux S.A.	Antwerpen	100.00	
Na Belidle s.r.o.	Prague	100.00	
NE Sander Immobilien GmbH	Sande	100.00	1
Nimab Entreprenad AB	Sjöbo	100.00	
Nordbahnhof Projekt EPW8 GmbH & Co KG	Vienna	100.00	
Nordbahnhof Projekt EPW8 Komplementär GmbH	Vienna	100.00	
Nordbahnhof Projekt Taborstraße 123 GmbH & Co KG	Vienna	100.00	
Nordbahnhof Projekt Taborstraße 123 Komplementär GmbH	Vienna	100.00	
Nottendorfer Gasse 13 Kom GmbH	Vienna	100.00	
OAT - Bohr- und Fugentechnik Gesellschaft m.b.H.	Spittal an der Drau	51.00	
Osttiroler Asphalt Hoch- und Tiefbauunternehmung GmbH	Lavant i. Osttirol	80.00	
PANSUEVIA GmbH & Co. KG	Jettingen-Scheppach	100.00	1
POLSKI ASFALT Sp. z o.o.	Krakow	100.00	
POMGRAD INZENJERING d.o.o.	Split	100.00	
Pyhrn Concession Holding GmbH	Cologne	100.00	1
Q4a Immobilien GmbH	Graz	60.00	
Ranita OOO	Moscow	100.00	
Raststation A 3 GmbH	Vienna	100.00	
RBS Rohrbau-Schweißtechnik Gesellschaft m.b.H.	Linz	100.00	
RE Beteiligungsholding GmbH	Vienna	100.00	
RE Klitschgasse Errichtungs GmbH	Vienna	67.00	
RE Wohnraum GmbH	Vienna	100.00	
RE Wohnungseigentumserrichtungs GmbH	Vienna	100.00	
REPASS-SANIERUNGSTECHNIK GMBH Korrosionsschutz und Betoninstandsetzung	Munderkingen	100.00	1
RM Asphalt GmbH & Co. KG	Sprendlingen	80.00	
ROBA Transportbeton GmbH	Berlin	100.00	1
Sakela Beteiligungsverwaltungs GmbH	Vienna	100.00	
SAT s.r.o.	Prague	100.00	
SAT Sp. z o.o.	Olawa	100.00	
SAT Straßensanierung GmbH	Cologne	100.00	1
SF Bau vier GmbH	Vienna	100.00	
SF-Ausbau GmbH	Freiberg	100.00	1
Shanghai Changjiang-Züblin Construction&Engineering Co.Ltd.	Shanghai	75.00	
SILO DREI Beteiligungsverwaltungs GmbH & Co KG	Vienna	100.00	
SILO DREI next LBG 57 Liegenschaftsverwertung GmbH & Co KG	Vienna	51.00	
SILO II LBG 57 - 59 Liegenschaftsverwertung GmbH & Co KG	Vienna	51.00	
SILO ZWEI Beteiligungsverwaltungs GmbH & Co KG	Vienna	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.

Consolidated companies

Company	Residence	Direct stake %
SQUARE One GmbH & Co KG	Vienna	100.00
SRE Lux Projekt SQM 27E	Belvaux	100.00
STR Holding Generál Kft.	Budapest	100.00
STR Holding MML Kft.	Budapest	100.00
STR Mély- és Magasépítö Kft	Budapest	100.00
STRABAG a.s.	Prague	100.00
STRABAG AB	Stockholm	100.00
STRABAG AG	Cologne	100.00 [1]
STRABAG AG	Spittal an der Drau	100.00
STRABAG AG	Schlieren	100.00
STRABAG Általános Építö Kft.	Budapest	100.00
STRABAG AO	Moscow	100.00
STRABAG Asfalt s.r.o.	Sobeslav	100.00
STRABAG Aszfalt Kft.	Budapest	100.00
STRABAG B.V.	Herten	100.00
STRABAG Bau GmbH	Vienna	100.00
STRABAG BMTI GmbH	Erstfeld	100.00
STRABAG BMTI GmbH	Vienna	100.00
STRABAG BMTI GmbH & Co. KG	Cologne	100.00 [1]
STRABAG BMTI Kft.	Budapest	100.00
STRABAG BMTI s.r.o.	Brno	100.00
STRABAG BMTI Sp. z o.o.	Pruszkow	100.00
STRABAG BRVZ AB	Kumla	100.00
STRABAG BRVZ AG	Erstfeld	100.00
STRABAG BRVZ d.o.o.	Ljubljana	100.00
STRABAG BRVZ d.o.o.	Zagreb	100.00
STRABAG BRVZ GmbH	Spittal an der Drau	100.00
STRABAG BRVZ GmbH & Co. KG	Cologne	100.00 [1]
STRABAG BRVZ Kft.	Budapest	100.00
STRABAG BRVZ OOO	Moscow	100.00
STRABAG BRVZ s.r.o.	Bratislava	100.00
STRABAG BRVZ s.r.o.	Prague	100.00
STRABAG BRVZ Sp. z o.o.	Pruszkow	100.00
STRABAG d.o.o.	Novi Beograd	100.00
STRABAG d.o.o.	Zagreb	100.00
STRABAG d.o.o. Sarajevo	Sarajevo	100.00
STRABAG Dubai LLC	Dubai	100.00
STRABAG EAD	Sofia	100.00
STRABAG Épitö Kft.	Budapest	100.00
STRABAG Épitöipari Zrt.	Budapest	100.00
STRABAG Facility Management GmbH	Berlin	100.00 [1]
STRABAG Generálépitö Kft.	Budapest	100.00
STRABAG GmbH	Bad Hersfeld	100.00 [1]
STRABAG gradbene storitve d.o.o.	Ljubljana	100.00
STRABAG Großprojekte GmbH	Munich	100.00 [1]
STRABAG Holding GmbH	Vienna	100.00
STRABAG INC.	Toronto	100.00
STRABAG Industries (Thailand) Co.,Ltd.	Bangkok	100.00
STRABAG Infrastructure & Safety Solutions GmbH	Cologne	100.00 [1]
STRABAG Infrastructure & Safety Solutions GmbH	Vienna	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.

Consolidated companies

Company	Residence	Direct stake %	
STRABAG INFRASTRUKTURA POLUDNIE Sp. z o.o.	Wroclaw	100.00	
STRABAG Infrastrukturprojekt GmbH	Bad Hersfeld	100.00	1
STRABAG International GmbH	Cologne	100.00	1
STRABAG Kieserling Flooring Systems GmbH	Hamburg	100.00	1
Strabag Liegenschaftsverwaltung GmbH	Linz	100.00	
STRABAG OMAN L.L.C.	Maskat	100.00	
STRABAG PFS Polska Sp. z o.o.	Warsaw	100.00	
STRABAG Pozemne a inzinierske stavitel'stvo s. r. o.	Bratislava	100.00	
STRABAG Pozemnì a inzenyrskè stavitelstvì s.r.o.	Prague	100.00	
STRABAG Projektentwicklung GmbH	Cologne	100.00	1
STRABAG Projektutveckling AB	Stockholm	100.00	
STRABAG Property and Facility Services a.s.	Prague	100.00	
STRABAG Property and Facility Services GmbH	Vienna	100.00	
STRABAG Property and Facility Services GmbH	Frankfurt am Main	100.00	1
STRABAG Rail a.s.	Usti nad Labem	100.00	
STRABAG Rail Fahrleitungen GmbH	Berlin	100.00	1
STRABAG Rail GmbH	Lauda-Königshofen	100.00	1
STRABAG Rail Kft.	Budapest	100.00	
STRABAG Real Estate GmbH	Cologne	94.90	
STRABAG Real Estate GmbH	Vienna	100.00	
STRABAG Real Estate Invest GmbH	Cologne	100.00	1
STRABAG Real Estate Kft.	Budapest	100.00	
STRABAG S.A.S.	Bogotá, D.C.	100.00	
STRABAG S.p.A.	BOLOGNA	100.00	
STRABAG s.r.o.	Bratislava	100.00	
STRABAG SE	Villach	100.00	
STRABAG SIA	Milzkalne	100.00	
STRABAG Sp. z o.o.	Pruszkow	100.00	
Strabag SpA	Santiago de Chile	100.00	
STRABAG Sportstättenbau GmbH	Lünen	100.00	1
STRABAG SRL	Bucharest	100.00	
STRABAG Sverige AB	Stockholm	100.00	
STRABAG Umwelttechnik GmbH	Duesseldorf	100.00	1
STRABAG Vasútépítö Kft.	Budapest	100.00	
STRABAG Wasserbau GmbH	Hamburg	100.00	
STRABAG-MML Kft.	Budapest	100.00	
TECH GATE VIENNA Wissenschafts- und Technologiepark GmbH	Vienna	100.00	
Torkret GmbH	Stuttgart	100.00	1
TPA CR, s.r.o.	Ceske Budejovice	100.00	
TPA Gesellschaft für Qualitätssicherung und Innovation GmbH	Vienna	100.00	
TPA GmbH	Cologne	100.00	
TPA HU Kft.	Budapest	100.00	
TPA odrzavanje kvaliteta i inovacija d.o.o.	Zagreb	100.00	
TPA Sp. z o.o.	Pruszkow	100.00	
TPA Spolocnost pre zabezpecenie kvality a inovacie s.r.o.	Bratislava	100.00	
TPA za obezbedenje kvaliteta i inovacije d.o.o. Beograd	Novi Beograd	100.00	
Trema Engineering 2 sh p.k.	Tirana	100.00	
Treuhandbeteiligung H	Budapest	100.00	2
Turm am Mailänder Platz GmbH & Co. KG	Stuttgart	100.00	1
Wohnquartier Reininghausstraße GmbH	Graz	60.00	

1 For these companies, the option allowed by Sec 264 Para 3 or by Sec 264b of the German Commercial Code (HGB) was exercised.
2 The presentation of interest is done using the economic approach, the interest as defined by civil law may deviate from this presentation.

Consolidated companies

Company	Residence	Direct stake %	
Wolfer & Goebel Bau GmbH	Stuttgart	100.00	1
Z. Brückenbau Immobiliengesellschaft mbH & Co. KG	Cologne	94.90	1
Z. Holzbau Immobiliengesellschaft mbH & Co. KG	Cologne	94.90	1
Z. Immobiliengesellschaft mbH & Co. KG	Cologne	94.90	1
Z. Sander Immobiliengesellschaft mbH & Co. KG	Cologne	94.90	1
Z. Stahlbau Immobiliengesellschaft mbH & Co. KG	Cologne	94.90	1
ZDE Sechste Vermögensverwaltung GmbH	Cologne	100.00	
Zezelivskij karier TOW	Zezelev	100.00	
Züblin A/S	Aarhus	100.00	
Züblin Chimney and Refractory GmbH	Cologne	100.00	1
Zublin Construction L.L.C.	Abu Dhabi	100.00	
Züblin Egypt LLC	Cairo	100.00	
Züblin Ground and Civil Engineering LLC	Dubai	100.00	
ZÜBLIN Haustechnik Mainz GmbH	Mainz	100.00	1
Züblin Hoch- und Brückenbau GmbH	Bad Hersfeld	100.00	1
Züblin Holding GesmbH	Vienna	100.00	
Züblin Inc.	Saint John/NewBrunswick	100.00	
Züblin International GmbH	Cologne	100.00	1
Züblin International GmbH Chile SpA	Santiago de Chile	100.00	
Züblin Kft.	Budapest	100.00	
Züblin Nederland B.V.	Breda	100.00	
ZUBLIN PRECAST INDUSTRIES SDN. BHD.	Johor	100.00	
Züblin Projektentwicklung GmbH	Stuttgart	94.88	1
ZUBLIN ROMANIA SRL	Bucharest	100.00	
Züblin Scandinavia AB	Stockholm	100.00	
Züblin Spezialtiefbau Ges.m.b.H.	Vienna	100.00	
Züblin Spezialtiefbau GmbH	Stuttgart	100.00	1
Züblin Stahlbau GmbH	Hosena	100.00	1
ZÜBLIN Timber Gaildorf GmbH	Gaildorf	100.00	1
ZÜBLIN Timber GmbH	Aichach	100.00	1
Züblin Umwelttechnik GmbH	Stuttgart	100.00	1

Equity accounted associate

Company	Residence	Direct stake %	
A-Lanes A15 Holding B.V.	Nieuwegein	24.00	
Bayerische Asphaltmischwerke GmbH & Co.KG für Straßenbaustoffe	Hofolding	48.33	
Bodensee - Moränekies Gesellschaft mit beschränkter Haftung & Co. Kommanditgesellschaft Tettnang	Tettnang	33.33	
DESARROLLO VIAL AL MAR S.A.S.	Medellín	37.50	
Lafarge Cement CE Holding GmbH	Vienna	30.00	
Leopold Ungar Platz 3 GmbH	Vienna	50.00	2
MAK Mecsek Autopalya Koncesszios Zrt.	Budapest	50.00	
Natursteinwerke im Nordschwarzwald NSN GmbH & Co. KG	Mühlacker	25.00	
SOCIETATEA COMPANIILOR HOTELIERE GRAND SRL	Bucharest	35.32	
Züblin International Qatar LLC	Doha	49.00	

1 For these companies, the option allowed by Sec 264 Para 3 or by Sec 264b of the German Commercial Code (HGB) was exercised.
2 There are contractual provisions concerning this joint venture that differ from the share capital

Equity accounted joint venture

Company	Residence	Direct stake %	
A 49 Autobahngesellschaft mbH & Co. KG	Bad Hersfeld	50.00	
A2 ROUTE Sp. z o.o.	Pruszkow	50.00	
AMB Asphaltmischwerke Bodensee GmbH & Co KG	Singen (Hohentwiel)	50.00	
Autocesta Zagreb-Macelj d.o.o.	Zagreb	50.00	1
FLARE Living GmbH & Co. KG	Cologne	50.00	
SRE-ECE-JV Generalübernehmer GmbH & Co. KG *)	Oststeinbek	50.00	
Kieswerke Schray GmbH & Co. KG	Steißlingen	50.00	
Messe City Köln GmbH & Co. KG	Hamburg	50.00	
NWM Nordwestdeutsche Mischwerke GmbH & Co. KG	Großenkneten	50.00	
PANSUEVIA Service GmbH & Co. KG	Jettingen-Scheppach	50.00	
SeniVita Social Estate AG	Bayreuth	50.00	
Silenos Energy Geothermie Garching a.d. Alz GmbH & Co. KG	Augsburg	50.00	
SQUARE Two GmbH & Co KG	Vienna	50.00	1
Thüringer Straßenwartungs- und Instandhaltungsgesellschaft mbH & Co. KG	Apfelstädt	50.00	

*) former IQ Generalübernehmer GmbH & Co KG

Subsidiaries not consolidated

Company	Residence	Direct stake %
"BITUNOVA" S.R.L.	Chisinau	100.00
"DOMIZIL" Bauträger GmbH	Vienna	100.00
"Granite Mining Industries" Sp. z o.o.	Breslau	100.00
"Mineral 2000" EOOD	Sofia	100.00
"RE PROJECT DEVELOPMENT" Sp. z o.o.	Warsaw	100.00
"Strabag Azerbaijan" L.L.C.	Baku	100.00
A 1 Lohne-Bramsche GmbH & Co. KG	Cologne	100.00
A 1 Lohne-Bramsche Verwaltungsgesellschaft mbH	Cologne	100.00
A.S.T. Bauschuttverwertung GmbH	Klagenfurt	66.67
A.S.T. Bauschuttverwertung GmbH & Co KG	Klagenfurt	66.67
Al-Hani General Construction Inc.	Tripolis	60.00
AMH Asphaltmischwerk Hellweg GmbH i.L.	Erwitte	50.50
A-Modell Ulm-Augsburg Verwaltungsgesellschaft mbH	Jettingen-Scheppach	100.00
AMW Westsachsen Verwaltung GmbH	Cologne	100.00
Arriba GmbH	Stuttgart	100.00
Asesorías de Ingenería y Construcciones Ltda.	Santiago	100.00
Asfalt Slaski Wprinz Sp.z o.o.	Warsaw	100.00
Asphaltmischwerk Rieder Vomperbach GmbH	Zirl	60.00
Asphaltmischwerk Rieder Vomperbach GmbH & Co KG	Zirl	60.00
Asphaltmischwerk Roppen GmbH	Roppen	70.00
Asphaltmischwerk Roppen GmbH & Co KG	Roppen	70.00
Asphaltmischwerk Westsachsen GmbH & Co. KG	Oberwiera	100.00
Asphaltmischwerk Zeltweg Gesellschaft m.b.H.	Steyr	100.00
AUSTRIA ASPHALT GmbH	Spittal an der Drau	100.00
A-WAY Zrt.	Újhartyán	100.00
AWB Asphaltmischwerk Büttelborn GmbH & Co. KG	Büttelborn	100.00
AWB Asphaltmischwerk Büttelborn Verwaltungs-GmbH	Büttelborn	100.00
B + R Baustoff-Handel und -Recycling Köln GmbH	Cologne	100.00

1 There are contractual provisions concerning this joint venture that differ from the share capital

Subsidiaries not consolidated

Company	Residence	Direct stake %
Baugesellschaft "Negrelli" Ges.m.b.H.	Vienna	100.00
BBS Baustoffbetriebe Sachsen GmbH	Hartmannsdorf	100.00
Beijing Züblin Equipment Production Co., Ltd.	Beijing	100.00
Beton AG Bürglen	Bürglen TG	65.60
BHG Bitumen Adria d.o.o.	Zagreb	100.00
BHG Bitumen Kft.	Budapest	100.00
BHG COMERCIALIZARE BITUM SRL	Bucharest	100.00
BHG SK s.r.o.	Bratislava	100.00
Bitumen Handelsgesellschaft m.b.H.	Vienna	100.00
BITUNOVA UKRAINA TOW	Brovary	60.00
BLUMENFELD Liegenschaftsverwaltungs GmbH	Vienna	100.00
BOHEMIA - PRO-LAN s.r.o.	Ostrava	100.00
BrennerWasser GmbH	Vienna	100.00
BRVZ-Contabilidade, Organizacao,Representacao e Administracao de Empresas,S.U.,Lda	Lissabon	100.00
BSB Betonexpress Verwaltungsges.mbH	Berlin	100.00
BVHS Betrieb und Verwaltung von Hotel- und Sportanlagen GmbH	Berlin	100.00
Center Systems Deutschland GmbH	Berlin	100.00
CENTRUM BUCHAREST DEVELOPMENT SRL	Bucharest	100.00
CML CONSTRUCTION SERVICE S.R.L.	BOLOGNA	100.00
CML Construction Services	Antwerpen	100.00
CML Construction Services A/S	Trige	100.00
CML Construction Services AB	Stockholm	100.00
CML CONSTRUCTION SERVICES d.o.o.	Zagreb	100.00
CML Construction Services d.o.o. Beograd	Belgrad	100.00
CML Construction Services GmbH	Vienna	100.00
CML Construction Services GmbH	Schlieren	100.00
CML CONSTRUCTION SERVICES s. r. o.	Bratislava	100.00
CML CONSTRUCTION SERVICES s.r.o.	Prague	100.00
CML CONSTRUCTION SERVICES Sp. z o.o.	Pruszkow	100.00
CML Construction Services Zrt.	Budapest	100.00
CML OOO	Moscow	100.00
Coldmix B.V.	Roermond	100.00
Constrovia Construcao Civil e Obras Publicas Lda.	Lissabon	95.00
Cottbuser Frischbeton GmbH	Wiesengrund	100.00
DCO d.o.o.	Ljubljana	100.00
Demirtürk Uluslararasi Insaat, Ithalat, Ihracat ve Ticaret Sirketi	Istanbul	80.00
DIE HAUSTECHNIKER TECHNISCHES BÜRO GMBH	Jennersdorf	51.00
Diófa Apartments Kft.	Budapest	100.00
DRP, d.o.o.	Ljubljana	100.00
DRUMCO SA	Timisoara	100.00
DYWIDAG ROMANIA SRL	Bucharest	100.00
DYWIDAG Schlüsselfertig und Ingenieurbau GmbH	Munich	100.00
E.S.T.M. KFT	Budapest	100.00
EBERHARDT Baugesellschaft mbH Deutschland	Berlin	100.00
ECS European Construction Services GmbH i.L.	Mörfelden-Walldorf	100.00
EFKON ASIA SDN. BHD.	Kuala Lumpur	100.00
EFKON Belgium BVBA	Antwerpen	100.00
EFKON IRELAND LIMITED	Dublin	100.00
EFKON USA, INC.	Dallas	100.00
Eichholz Eivel GmbH	Berlin	100.00
Erlaaer Straße Liegenschaftsverwertungs-GmbH	Vienna	100.00
ERMATEC Maschinen Technische Anlagen Gesellschaft m.b.H. in Liqu.	Vienna	100.00

Subsidiaries not consolidated

Company	Residence	Direct stake %
Erste Nordsee-Offshore-Holding GmbH	Vienna	51.00
Erste STRABAG Vorrats GmbH	Hamburg	100.00
Eslarngasse 16 GmbH	Vienna	100.00
EUROTEC ANGOLA, LDA	Luanda	99.00
EVOLUTION GAMMA Sp. z o.o.	Warsaw	100.00
F 101 Verwaltungs GmbH	Cologne	100.00
Fachmarktzentrum Kielce Projekt GmbH	Berlin	100.00
Fanny von Lehnert Straße 4 Komplementär GmbH	Vienna	100.00
Fanny von Lehnert Straße 4 Projektentwicklung GmbH & Co KG	Vienna	100.00
FLOWER CITY SRL	Bucharest	100.00
Forum Mittelrhein Beteiligungsgesellschaft mbH	Hamburg	51.00
Forum Mittelrhein Koblenz Generalübernehmergesellschaft mbH & Co.KG	Oststeinbek	51.00
Forum Mittelrhein Koblenz Kultur GmbH & Co. KG	Hamburg	51.00
Freo Projektentwicklung Berlin GmbH i.L.	Berlin	50.10
Frisspumpa Kft.	Budapest	100.00
FUSSENEGGER Hochbau und Holzindustrie GmbH	Dornbirn	100.00
GBZ - Baurestmassen GmbH	Graz	100.00
GITA Gunter Ingenieure TA GmbH	Nidda	100.00
GTE-Gebäude-Technik-Energie-Betriebs- und Verwaltungsgesellschaft m.b.H.	Vienna	61.00
GTE-Gebäude-Technik-Energie-Betriebs- und Verwaltungsgesellschaft m.b.H. & Co. KG	Vienna	62.00
Hillerstraße - Jungstraße GmbH	Vienna	100.00
HMC Autópálya Kft.	Budapest	100.00
Hotel AVION Management s.r.o.	Bratislava	100.00
Hotel AVION s.r.o.	Bratislava	100.00
Hotel Na Belidle s.r.o.	Prague	100.00
Hotelprojekt am Tabor GmbH & Co KG	Vienna	100.00
Hotelprojekt am Tabor Komplementär GmbH	Vienna	100.00
Hrusecka obalovna, s.r.o.	Hrusky	80.00
IBV - Immobilien Besitz- und Verwaltungsgesellschaft mbH Werder i. L.	Cologne	99.00
iCOR INTELLIGENT CORROSION CONTROL GmbH	Mönchengladbach	100.00
Intolligent Toll Road Management Pvt. Ltd.	Mumbai	100.00
I-PAY CLEARING SERVICES Pvt. Ltd.	Mumbai	100.00
IQ Generalübernehmer GmbH & Co. KG	Oststeinbek	75.00
IQ Plan Beteiligung GmbH	Oststeinbek	75.00
IQ Plan GmbH & Co. KG	Hamburg	75.00
ITC Engineering Verwaltungs GmbH	Stuttgart	100.00
IVERUS ENTERPRISES LTD	Limassol	100.00
JBA GmbH	Cologne	50.10
KAB Straßensanierung GmbH	Spittal an der Drau	50.60
KFX Holding Kft.	Budapest	100.00
Kieswerk Diersheim GmbH	Rheinau/Baden	60.00
Kieswerk Ohr GmbH	Cologne	100.00
KIESWERK ZIEGELHEIM GMBH	Nobitz	100.00
Kirchner Baugesellschaft m.b.H.	Spittal an der Drau	100.00
Kirchner PPP Service GmbH	Bad Hersfeld	100.00
KIRCHNER ROMANIA SRL	Bucharest	100.00
KRAMARE s.r.o. v likvidacii	Bratislava	100.00
Latasfalts SIA	Milzkalne	100.00
Leonhard Moll Tiefbau GmbH	Munich	100.00
Lieferasphalt Gesellschaft m.b.H. & Co OG, Viecht	Viecht	66.50

Subsidiaries not consolidated

Company	Residence	Direct stake %
Lieferasphalt Gesellschaft m.b.H. & Co. OG	Maria Gail	60.00
Ludwig Voss GmbH	Cuxhaven	100.00
MANIERITA LTD	Limassol	100.00
Mazowieckie Asfalty Sp.z o.o.	Pruszkow	100.00
MBO UK d.o.o.	Ljubljana	100.00
Metallica Stahl- und Fassadentechnik GmbH	Stuttgart	100.00
MHA Projekt GmbH	Vienna	100.00
Mikrobiologische Abfallbehandlungs GmbH	Schwadorf	51.00
MINERAL RS d.o.o. BEOGRAD	Novi Beograd	100.00
Mischek Leasing eins Gesellschaft m.b.H.	Vienna	100.00
Mobil Baustoffe AG in Liquidation	Erstfeld	100.00
MSO Mischanlagen GmbH Ilz & Co KG	Ilz	52.81
MSO Mischanlagen GmbH Pinkafeld & Co KG	Pinkafeld	52.67
MUST Razvoj projekata d.o.o. u likvidaciji	Zagreb	100.00
Nimab Anläggning AB	Sjöbo	100.00
Nimab Support AB	Sjöbo	100.00
Northern Energy GAIA I. GmbH	Aurich	100.00
Northern Energy GAIA II. GmbH	Aurich	100.00
Northern Energy GAIA III. GmbH	Aurich	100.00
Northern Energy GAIA IV. GmbH	Aurich	100.00
Northern Energy GAIA V. GmbH	Aurich	100.00
Northern Energy SeaStorm I. GmbH	Aurich	100.00
Northern Energy SeaStorm II. GmbH	Aurich	100.00
Northern Energy SeaWind I. GmbH	Aurich	100.00
Northern Energy SeaWind II. GmbH	Aurich	100.00
Northern Energy SeaWind III GmbH	Aurich	100.00
Northern Energy SeaWind IV. GmbH	Aurich	100.00
Nottendorfer Gasse 13 GmbH	Vienna	100.00
NR Bau- u. Immobilienverwertung GmbH	Berlin	100.00
OAT Kft.	Budapest	100.00
OAT spol. s r.o.	Bratislava	100.00
OAT,s.r.o.	Prague	100.00
OBIT GmbH	Berlin	100.00
OBZ Oberkärntner Baurestmassenzentrum GmbH	Spittal an der Drau	100.00
ODEN Anläggning Fastighets AB	Stockholm	100.00
Passivhaus Kammelweg Bauträger GmbH	Vienna	100.00
PGA Projekt GmbH	Cologne	100.00
PH Bau Erfurt GmbH	Erfurt	100.00
Poltec Sp. z o.o. i.L.	Wroclaw	100.00
PPP Management GmbH	Cologne	100.00
PPP Schulen Monheim am Rhein GmbH	Bad Hersfeld	100.00
PPP SchulManagement Witten GmbH & Co. KG	Cologne	100.00
PPP SeeCampus Niederlausitz GmbH	Bad Hersfeld	100.00
PROLAN, A.S.	Ceske Budejovice	100.00
PRZEDSIEBIORSTWO ROBOT DROGOWYCH Sp.z o.o. W LIKWIDACJI	Choszczno	100.00
RBZ Holding Kft.	Budapest	100.00
RE PROJECT DEVELOPMENT SRL	Bucharest	100.00
RE Projekt Development OOO	Moscow	100.00
Rezidencie Machnac, s.r.o.	Bratislava	100.00
RGL Rekultivierungsgesellschaft Langentrog mbH	Langenargen	80.00

Subsidiaries not consolidated

Company	Residence	Direct stake %
Rhein-Regio Neuenburg Projektentwicklung GmbH	Neuenburg am Rhein	90.00
RM Asphalt Verwaltungs GmbH	Sprendlingen	100.00
ROBA Kieswerk Merseburg GmbH i.L.	Merseburg	100.00
Rößlergasse Bauteil Sechs GmbH	Vienna	100.00
RST Rail Systems and Technologies GmbH	Barleben	82.00
S.U.S. Abflussdienst Gesellschaft m.b.H.	Vienna	100.00
SAT REABILITARE RECICLARE SRL	Cluj-Napoca	100.00
SAT SANIRANJE cesta d.o.o.	Zagreb	100.00
SAT SLOVENSKO s.r.o.	Bratislava	100.00
SAT Útjavító Kft.	Budapest	100.00
Schiffmühlenstraße 120 GmbH	Vienna	100.00
Schotter- und Kies-Union GmbH & Co. KG	Leipzig	57.90
Schotter- und Kies-Union Verwaltungsgesellschaft mbH	Leipzig	100.00
SCHOTTERWERK EDLING GESELLSCHAFT M.B.H.	Spittal an der Drau	74.00
SEF Netz-Service GmbH	Munich	100.00
SENSOR Dichtungs-Kontroll-Systeme GmbH	Neustadt in Holstein	100.00
SF-BAU-Grundstücksgesellschaft "ABC-Bogen" mbH	Cologne	100.00
Silenos Energy GmbH & Co. KG	Cologne	100.00
Silenos Energy Verwaltungs GmbH	Cologne	100.00
SILO DREI Komplementärgesellschaft m.b.H.	Vienna	51.00
SILO II Komplementärgesellschaft m.b.H.	Vienna	51.00
SPK - Errichtungs- und Betriebsges.m.b.H.	Spittal an der Drau	100.00
SRE Erste Vermögensverwaltung GmbH	Cologne	100.00
SRE Lux Projekt BN 20 S.a.r.l.	Belvaux	100.00
SRE Zweite Vermögensverwaltung GmbH	Cologne	100.00
STHOI Co., Ltd.	Bangkok	100.00
STODIS s.r.o.	Praha	100.00
STRABAG (B) Sdn Bhd	Bandar Seri Begawan	100.00
STRABAG A/S	Aarhus	100.00
STRABAG ABU DHABI LLC	Abu Dhabi	100.00
STRABAG Algerie EURL	Algier	100.00
STRABAG Anlagentechnik GmbH	Thalgau	100.00
STRABAG AUSTRALIA PTY LTD	Brisbane	100.00
STRABAG BahnLogistik GmbH	Gerasdorf bei Vienna	100.00
STRABAG Baustoffaufbereitung und Recycling GmbH	Duesseldorf	51.00
STRABAG Bedachungsgesellschaft m.b.H.	Salzburg	100.00
STRABAG Beton GmbH & Co. KG	Berlin	100.00
STRABAG BMTI BVBA	Antwerpen	100.00
STRABAG BMTI d.o.o.	Zagreb	100.00
STRABAG BMTI D.O.O. BEOGRAD	Novi Beograd	100.00
STRABAG BMTI Rail Service GmbH	Berlin	100.00
STRABAG BMTI s.r.o.	Bratislava	100.00
STRABAG BMTI Verwaltung GmbH	Cologne	100.00
STRABAG BRVZ A/S	Trige	100.00
STRABAG BRVZ BVBA	Antwerpen	100.00
STRABAG BRVZ d.o.o. BEOGRAD	Novi Beograd	100.00
STRABAG BRVZ EOOD	Sofia	100.00
STRABAG BRVZ SRL	BOLOGNA	100.00
STRABAG BRVZ Verwaltung GmbH	Cologne	100.00
STRABAG Construction Co., Ltd.	Bangkok	100.00

Subsidiaries not consolidated

Company	Residence	Direct stake %
STRABAG Corp.	Delaware	100.00
STRABAG DROGI WOJEWODZKIE Sp. z o.o.	Pruszków	100.00
STRABAG Energy Technologies GmbH	Vienna	100.00
STRABAG HYDROTECH Sp. z o.o.	Pruzkow	100.00
STRABAG India Private Limited	Mumbai	100.00
STRABAG Infrastructure & Safety Solutions GmbH	Erstfeld	100.00
STRABAG Infrastruktur Development OOO	Moscow	100.00
Strabag Kiew TOW	Kiew	100.00
STRABAG Krankenhaus Errichtungs- und BetriebsgmbH	Vienna	99.00
STRABAG Logisztika Kft.	Budapest	100.00
STRABAG Motorway GmbH	Spittal an der Drau	100.00
STRABAG OW EVS GmbH i. L.	Hamburg	51.00
STRABAG Oy	Helsinki	100.00
STRABAG PFS s.r.o.	Prague	100.00
STRABAG PPP Hochbau GmbH	Bad Hersfeld	100.00
STRABAG Property and Facility Services d.o.o.	Zagreb	100.00
STRABAG Property and Facility Services s.r.o.	Bratislava	55.00
STRABAG Rail AB	Kumla	100.00
STRABAG Real Estate OOO	Moscow	100.00
STRABAG Residential Property Services GmbH	Berlin	99.51
Strabag RS d.o.o.	Banja Luka	100.00
Strabag Saudi Arabia	Dhahran	100.00
STRABAG Silnice a.s.	Prague	100.00
STRABAG Szolnoki Aszfalt Kft.	Budapest	100.00
STRABAG UK LIMITED	London	100.00
STRABAG Unterstützungskasse GmbH i.L.	Cologne	100.00
STRABAG Versicherungsvermittlung GmbH	Cologne	100.00
STRABAG Vorrat Acht GmbH	Vienna	100.00
STRABAG Vorrat Eins GmbH	Vienna	100.00
STRABAG Vorrat Sieben GmbH	Vienna	100.00
STRABAG Vorrat Sieben GmbH & Co KG	Vienna	100.00
STRABAG-PROJEKT 2 Sp.z o.o.	Pruszkow	100.00
STRABAG-PROJEKT Sp.z o.o.	Pruszkow	100.00
STRABIL STRABAG Bildung im Lauenburgischen GmbH	Cologne	100.00
Südprojekt A-Modell GmbH & Co. KG	Bad Hersfeld	100.00
Südprojekt A-Modell Verwaltung GmbH	Bad Hersfeld	100.00
SZYBKI TRAMWAY Sp. z o.o.	Pruszkow	100.00
Tasfiye Halinde STRABAG Ray Ltd. Sti.	Ankara	100.00
Taurus GM EOOD	Sofia	100.00
TETI TRAFFIC	Centurion	54.00
TolLink Pakistan (Private) Limited	Islamabad	60.00
TPA EOOD	Sofia	100.00
TPA Gesellschaft für Qualitätssicherung und Innovation GmbH	Erstfeld	100.00
TPA OOO	Moscow	100.00
Trema Engineering 2 Sh.p.k.	Pristina	100.00
Treuhandbeteiligung B	Vienna	100.00
Treuhandbeteiligung Q	Budapest	100.00
UND-FRISCHBETON s.r.o.	Kosice	75.00
Universitätszentrum Althanstraße Erweiterungsgesellschaft m.b.H.	Vienna	100.00
VAM-Valentiner Asphaltmischwerk Gesellschaft m.b.H.	Linz	75.00

Subsidiaries not consolidated

Company	Residence	Direct stake %
VAM-Valentiner Asphaltmischwerk Gesellschaft m.b.H. & Co.KG	Linz	75.00
Vasagatan Op6 Holding AB	Solna	100.00
Verwaltung Forum Mittelrhein Koblenz Generalübernehmergesellschaft mbH	Oststeinbek	51.00
Viedenska brana s.r.o.	Bratislava	100.00
VIOLA PARK Immobilienprojekt GmbH	Vienna	75.00
WMB Drogbud Sp. z o.o.	Lubojenka	51.00
Wohnbauträgergesellschaft Objekt "Freising - Westlich der Jagdstraße" mbH	Cologne	100.00
Wohnen am Krautgarten Bauträger GmbH	Vienna	100.00
Wollhaus HN GmbH & Co. KG	Cologne	100.00
WSK PULS GmbH	Erfurt	100.00
Z.P.C. Deutschland GmbH	Stuttgart	100.00
Z.P.C. Lda	Amadora	100.00
Z-Bau GmbH	Magdeburg	100.00
Z-Bau Immobilien Verwaltungs GmbH	Cologne	100.00
ZDE Siebte Vermögensverwaltung GmbH	Cologne	100.00
Z-Design EOOD	Sofia	100.00
Züblin (Thailand) Co. Ltd.	Bangkok	100.00
Züblin AS	Oslo	100.00
Züblin Australia Pty Ltd	Perth	100.00
Züblin Bulgaria EOOD	Sofia	100.00
Zublin Corporation	Wilmington	100.00
Züblin Engineering Consulting (Shanghai) Co., Ltd.	Shanghai	100.00
Züblin Holding (Thailand) Co. Ltd.	Bangkok	79.35
Züblin Hrvatska d.o.o.	Zagreb	100.00
Züblin International Malaysia Sdn. Bhd.	Kuala Lumpur	100.00
Züblin Ireland Limited	Dublin	100.00
Zublin Saudi Arabia LLC	Riyadh	100.00
Züblin Sp. z o.o.	Pruszków	100.00
Zweite Nordsee-Offshore-Holding GmbH	Vienna	51.00

Investee companies not consolidated

Company	Residence	Direct stake %
"kabelwerk" bauträger gmbh	Vienna	25.00
ABO Asphalt-Bau Oeynhausen GmbH.	Oeynhausen	22.50
AGS Asphaltgesellschaft Stuttgart GmbH & Co.Kommanditgesellschaft	Stuttgart	40.00
AGS Asphaltgesellschaft Stuttgart Verwaltungs-GmbH	Stuttgart	40.00
AL SRAIYA - STRABAG Road & Infrastructure WLL	Doha	49.00
A-Lanes Management Services B.V.	Utrecht	25.00
AMB Asphalt-Mischanlagen Betriebsgesellschaft m.b.H.	Zistersdorf	40.00
AMB Asphalt-Mischanlagen Betriebsgesellschaft m.b.H.& Co.KG	Zistersdorf	40.00
AMG - Asphaltmischwerk Gunskirchen Gesellschaft m.b.H.	Linz	33.33
AMG-Asphaltmischwerk Gunskirchen Gesellschaft m.b.H. & Co.KG	Linz	33.33
AMH Asphaltmischwerk Hauneck GmbH & Co. KG	Hauneck	50.00
AMH Asphaltmischwerk Hauneck Verwaltungs GmbH	Hauneck	50.00
AML - Asphaltmischwerk Limberg Gesellschaft m.b.H. in Liqu.	Limberg	50.00
AMS-Asphaltmischwerk Süd Gesellschaft m.b.H.	Linz	35.00
AMSS Asphaltmischwerke Sächsische Schweiz GmbH & Co. KG	Dresden	24.00

Investee companies not consolidated

Company	**Residence**	**Direct stake %**
AMSS Asphaltmischwerke Sächsische Schweiz Verwaltungs GmbH	Dresden	24.00
Anton Beirer Hartsteinwerke GmbH & Co KG	Pinswang	50.00
ASAMER Baustoff Holding Wien GmbH	Vienna	30.93
ASAMER Baustoff Holding Wien GmbH & Co.KG	Vienna	30.93
ASB Transportbeton GmbH & CO.KG	Osterweddingen	50.00
ASF Frästechnik GmbH	Kematen	40.00
ASF Frästechnik GmbH & Co KG	Kematen	40.00
ASG INVEST N.V.	Genk	25.00
Asphaltmischwerk Betriebsgesellschaft m.b.H.	Rauchenwarth	20.00
Asphaltmischwerk Betriebsgesellschaft m.b.H. & Co KG	Rauchenwarth	20.00
Asphaltmischwerk Bodensee Verwaltungs GmbH	Singen (Hohentwiel)	50.00
Asphaltmischwerk Greinsfurth GmbH	Amstetten	33.33
Asphaltmischwerk Greinsfurth GmbH & Co OG	Amstetten	33.33
Asphaltmischwerk Kundl GmbH	Kundl	50.00
Asphaltmischwerk Kundl GmbH & Co KG	Kundl	50.00
ASTRA - BAU Gesellschaft m.b.H. Nfg. OG	Bergheim	50.00
AUT Grundstücksverwaltungsgesellschaft mbH	Stuttgart	40.00
A-WAY LAGAN INFRASTRUCTURE SERVICES LIMITED	Ballyoran, Castlelyons, Co. Cork	50.00
AWM Asphaltwerk Mötschendorf Gesellschaft m.b.H.	Graz	50.00
AWM Asphaltwerk Mötschendorf GmbH & Co.KG	Graz	50.00
BASALT-KÖZÉPKÖ Köbányák Kft	Uzsa	25.14
Bayerische Asphaltmischwerke Gesellschaft mit beschränkter Haftung	Hofolding	48.29
BBO Bauschuttaufbereitung Verwaltungsgesellschaft mbH	Steißlingen	33.33
BBO Bodensee/Hegau Bauschuttaufbereitung GmbH & Co. KG	Steißlingen	22.22
BBO Bodenseekreis Bauschuttaufbereitung GmbH & Co. KG	Steißlingen	25.00
Beton Pisek spol. s.r.o.	Pisek	50.00
Betun Cadi SA	Trun	35.00
Brnenska obalovna, s.r.o.	Brno	50.00
BRW Baustoff-Recycling GmbH & Co KG	Wesseling	25.00
BS-Baugeräte-Service GmbH & Co. KG i.L.	Augsburg	25.00
BS-Baugeräte-Service-Verwaltungsgesellschaft mbH i.L.	Augsburg	25.00
C.S.K.K. 2009. Kft.	Budapest	30.00
CAPE 10 Errichtung & Betrieb GmbH	Vienna	26.00
Continental Apartements Stockholm Holding AB	Stockholm	50.00
Continental Apartments View AB	Stockholm	50.00
Continental Living Stockholm AB	Stockholm	50.00
CSE Centrum-Stadtentwicklung GmbH i.L.	Cologne	50.00
DAM Deutzer Asphaltmischwerke GmbH & Co. KG	Cologne	40.44
DAM Deutzer Asphaltmischwerke Verwaltungs-GmbH	Cologne	40.44
DC Waterline GmbH	Vienna	50.00
Diabaswerk Nesselgrund GmbH & Co KG	Floh-Seligenthal	20.00
Diabaswerk Nesselgrund Verwaltungs-GmbH	Floh-Seligenthal	20.00
DIRECTROUTE (FERMOY) CONSTRUCTION LIMITED	Dublin	25.00
DIRECTROUTE (LIMERICK) CONSTRUCTION LIMITED	Fermoy	40.00
DIRECTROUTE (TUAM) CONSTRUCTION LIMITED	Dublin	25.00
Donau City Residential GmbH	Vienna	50.00
DYWIDAG Verwaltungsgesellschaft mbH	Munich	50.00
EDEN Jizni roh s.r.o.	Prague	50.00
Eisen Blasy Reutte GmbH	Pflach	50.00
Entwicklung Quartier am Mailänder Platz Beteiligungsgesellschaft mbH	Hamburg	50.00

Investee companies not consolidated

Company	Residence	Direct stake %
Entwicklung Quartier am Mailänder Platz Management GmbH	Hamburg	50.00
Entwicklung Quartier am Mailänder Platz Nr. 1 GmbH & Co. KG i.L.	Hamburg	48.08
Entwicklung Quartier am Mailänder Platz Nr. 2 GmbH & Co. KG i.L.	Hamburg	48.08
Entwicklung Quartier am Mailänder Platz Nr. 3 GmbH & Co. KG i.L.	Hamburg	48.08
Filstal Fliessestrich und Mörtel Transportbeton Göppingen GmbH & Co. KG	Göppingen	22.10
FLARE Grundstück Verwaltungs GmbH	Berlin	50.00
GFR remex Baustoffaufbereitung Verwaltungs-GmbH Krefeld	Krefeld	50.00
Grandemar SA	Cluj-Napoca	41.27
GUS Gußasphaltwerk GmbH & Co KG	Stuttgart	50.00
GUS Gußasphaltwerk Verwaltungs GmbH	Stuttgart	50.00
H S Hartsteinwerke GmbH	Pinswang	50.00
Heideasphalt GmbH & Co. KG	Wittingen	50.00
HK-Rohstoff & Umwelttechnik GmbH & Co. KG	Hildesheim	50.00
HOTEL SCHLOSS SEEFELS BESITZ- UND MANAGEMENT GMBH	Techelsberg am Wörthersee	30.00
Immorent Oktatási Kft.	Budapest	20.00
Industrial Engineering and Contracting Co. S.A.R.L. (INDECO) i.L.	Beirut	50.00
IQ Office Beteiligungsgesellschaft mbH	Hamburg	49.00
IQ Office GmbH & Co. KG	Hamburg	49.00
IQ Residential Beteiligungsgesellschaft mbH	Hamburg	49.00
IQ Residential GmbH & Co. KG	Hamburg	49.00
IQ Tower Beteiligungsgesellschaft mbH	Hamburg	49.00
IQ Tower GmbH & Co. KG	Hamburg	49.00
JCO s.r.o.	Plana	50.00
KAB Kärntner Abfallbewirtschaftung GmbH	Klagenfurt	36.25
KASERNEN Projektentwicklungs- und Beteiligungs GmbH	Vienna	24.90
Kies- und Betonwerk AG Sedrun	Sedrun	35.00
Kiesabbau Gämmerler-Hütwohl GmbH & Co. Aug Kommanditgesellschaft	Königsdorf	50.00
Kiesabbau Gämmerler-Hütwohl GmbH & Co. Grube Grafing KG	Königsdorf	50.00
Kiesabbau Gämmerler-Hütwohl GmbH&Co. Grube Leitzinger Au KG	Königsdorf	50.00
Kiesabbau Gämmerler-Hütwohl Verwaltungs- GmbH	Königsdorf	50.00
Kiesgesellschaft Karsee Beteiligungs-GmbH	Immenstaad am Bodensee	50.00
Kiesgesellschaft Karsee GmbH & Co. KG	Immenstaad am Bodensee	50.00
Kieswerk Rheinbach Gesellschaft mit beschränkter Haftung	Cologne	50.00
Kieswerk Rheinbach GmbH & Co. KG	Rheinbach	50.00
Kieswerke Schray Verwaltungs GmbH	Steißlingen	50.00
Kirchhoff + Schleith Beteiligungs-GmbH	Steißlingen	50.00
Kirchhoff + Schleith Straßenbau GmbH & Co. KG	Steißlingen	50.00
Klinik für Psychosomatik und psychiatrische Rehabilitation GmbH	Spittal an der Drau	30.00
KSH Kalkstein Heiterwang GmbH	Pinswang	30.00
KSH Kalkstein Heiterwang GmbH & Co KG	Pinswang	30.00
Liberecka Obalovna s.r.o.	Liberec	50.00
Lieferasphalt Gesellschaft m.b.H.	Vienna	50.00
Lieferasphalt Gesellschaft m.b.H.& Co.OG, Zirl	Vienna	50.00
Lieferbeton Simmern GmbH & Co. KG i. L.	Simmern/Hunsrück	50.00
Lieferbeton Simmern Verwaltungs-GmbH i.L.	Simmern/Hunsrück	50.00
Linzer Schlackenaufbereitungs- und vertriebsgesellschaft m.b.H.	Linz	33.33
LISAG Linzer Splitt- und Asphaltwerk GmbH.	Linz	50.00
LISAG Linzer Splitt- und Asphaltwerk GmbH. & CO KG	Linz	50.00
Main-Aurach-Autobahngesellschaft mbH & Co. KG	Berlin	50.00
Mecsek Autopalya-üzemeltetö Zrt.	Budapest	25.00

Investee companies not consolidated

Company	Residence	Direct stake %
Messe City Köln Beteiligungsgesellschaft mbH	Hamburg	50.00
MIGU-Asphalt-Baugesellschaft m.b.H.	Lustenau	50.00
Milet Ditzingen Beteiligungsgesellschaft mbH	Heidelberg	49.00
MLT Maschinen Logistik Technik GmbH & Co. KG	Nesse-Apfelstädt	50.00
MLT Verwaltungs GmbH	Nesse-Apfelstädt	50.00
MSO Mischanlagen GmbH	Ilz	33.33
Natursteinwerke im Nordschwarzwald NSN Verwaltungsgesellschaft mit beschränkter Haftung	Mühlacker	25.00
NUOVO MERCATO GIANICOLENSE SRL	BOLOGNA	40.00
Oder Havel Mischwerke GmbH & Co. KG i.L.	Berlin	33.33
ODRA-ASFALT Sp. z o.o.	Szeczecin	33.33
Ontwikkelingscombinatie Maasmechelen N.V.	Antwerpen	50.00
PAM Pongauer Asphaltmischanlagen GmbH	St. Johann im Pongau	50.00
PAM Pongauer Asphaltmischanlagen GmbH & Co KG	St. Johann im Pongau	50.00
Philman Holdings Co.	Philippinen	20.00
PPP Campus AM + SEEA GmbH	St. Pölten	50.00
PPP Campus AM + SEEA GmbH & Co KG	St. Pölten	50.00
Prottelith Produktionsgesellschaft mbH	Liebenfels	24.00
QMP Generalübernehmer GmbH & Co. KG	Oststeinbek	50.00
REMEX Coesfeld Gesellschaft für Baustoffaufbereitung mbH	Dülmen-Buldern	50.00
RFM Asphaltmischwerk GmbH & Co KG	Traiskirchen	46.00
RFM Asphaltmischwerk GmbH.	Traiskirchen	46.00
Rieder Asphaltgesellschaft m.b.H.	Ried im Zillertal	50.00
Rieder Asphaltgesellschaft m.b.H. & Co. KG.	Ried im Zillertal	50.00
ROBA-Neuland Beton GmbH & Co. KG	Hamburg	50.00
Rohstoff & Umwelttechnik Verwaltungs GmbH	Hildesheim	50.00
RSV Rheinische Schlacke Verwertungs GmbH	Leverkusen	50.00
Salzburger Lieferasphalt GmbH & Co OG	Sulzau	20.00
SAT Spezialbau GmbH	Cologne	50.00
Satellic NV	Groot-Bijgaarden	24.00
SAV Südniedersächsische Aufbereitung und Verwertung Verwaltungs GmbH	Hildesheim	50.00
Schlackenkontor Bremen GmbH	Bremen	25.00
SHKK-Rehabilitations GmbH	Vienna	50.00
SHUSHICA HYDROPOWER sh p.k.	Tirana	33.00
SIFEE TERRA HEAT SRL	Selimbar	25.00
Sindelfinger Asphalt-Mischwerke GmbH i.L.	Sindelfingen	22.22
SMB Construction International GmbH	Sengenthal	50.00
Spolecne obalovny, s r.o.	Prague	50.00
SRK Kliniken Beteiligungs GmbH	Vienna	25.00
STA Asphaltmischwerk Strahlungen GmbH	Strahlungen	24.90
stahl + verbundbau gesellschaft für industrielles bauen m.b.H.	Dreieich	30.00
Steinbruch Mauterndorf Gesellschaft m.b.H.	St. Michael/Lungau	50.00
Steinbruch Spittergrund GmbH	Erfurt	50.00
Stephan Beratungs-GmbH	Linz am Rhein	30.00
STRABAG ARCHIRODON LTD.	Port Louis	50.00
STRABAG Gorzów Wielkopolski Sp. z o.o.	Gorzów Wielkopolski	49.00
Strabag Oktatási PPP Kft.	Budapest	30.00
Strabag Qatar W.L.L.	Doha	49.00
STRABAG Vorrat Vier GmbH	Vienna	50.00
STRABAG Vorrat Vier GmbH & Co KG	Vienna	50.00
Straktor Bau Aktien Gesellschaft	Kifisia	50.00

Investee companies not consolidated

Company	**Residence**	**Direct stake %**
STRAVIA Kft.	Budapest	25.00
Syrena Immobilien Holding Aktiengesellschaft	Spittal an der Drau	50.00
TBG Ceske Budejovice spol. s.r.o.	Budweis	50.00
TBG-STRABAG d.o.o.	Zagreb	50.00
TDE Mitteldeutsche Bergbau Service GmbH	Espenhain	50.00
Tierra Chuquicamata SpA	Santiago	50.00
TORONTO TUNNEL PARTNERS 401 RER INC.	London Ontario	50.00
Triplus Beton GmbH	Zell am See	50.00
Triplus Beton GmbH & Co KG	Zell am See	50.00
TSI VERWALTUNGS GMBH	Apfelstädt	50.00
Unterstützungseinrichtung für die Angestellten der ehemaligen Bau-Aktiengesellschaft "Negrelli" Gesellschaft m.b.H.	Vienna	50.00
VCO - Vychodoceska obalovna, s r.o	Hradec Kralove	33.33
Vereinigte Asphaltmischwerke Gesellschaft m.b.H.	Spittal an der Drau	50.00
Vereinigte Asphaltmischwerke Gesellschaft m.b.H. & Co KG	Spittal an der Drau	50.00
Verwaltung MesseCity Köln Generalübernehmer GmbH	Oststeinbek	50.00
Verwaltung QMP Generalübernehmer GmbH	Oststeinbek	50.00
Verwaltungsgesellschaft ROBA-Neuland Beton m.b.H.	Hamburg	50.00
VIANOVA - Bitumenemulsionen GmbH	Fürnitz	24.90
VIANOVA SLOVENIJA d.o.o.	Logatec	50.00
VKG-Valentiner Kieswerk Gesellschaft m.b.H.	Linz	50.00
Walter Group International Philippines, Inc.	Philippinen	26.00
WMW Weinviertler Mischwerk Gesellschaft m.b.H.	Zistersdorf	33.33
WMW Weinviertler Mischwerk Gesellschaft m.b.H. & Co KG	Zistersdorf	33.33
Wohnbau Tafelgelände Beteiligungs-GmbH	Munich	25.00
Wohnbau Tafelgelände GmbH & Co. KG	Munich	25.00
Z.I.P.O.S. d.o.o.	Antunovac	50.00

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 short-time 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 Britain

HS2, the planned high-speed rail line in 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 fi nancing 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 Jifnain Dam) and 29 months (Al Jufainah Dam).

OCTOBER

€ 105 million contract for D55 motorway in Czech Republic

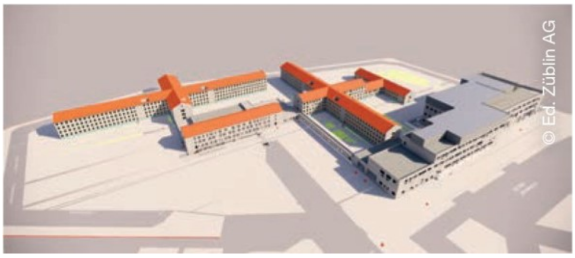
STRABAG was awarded the contract, in a consortium with Czech construction company EUROVIA CS, to build a new section of the D55 motorway in the Zlín Region. The contract is worth the equivalent of around € 105.5 million (approx. CZK 2.85 billion), with STRABAG's share amounting to 50 % of the total. 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 m^2 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.



Design model

Completion is planned by the end of 2025.

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 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.

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

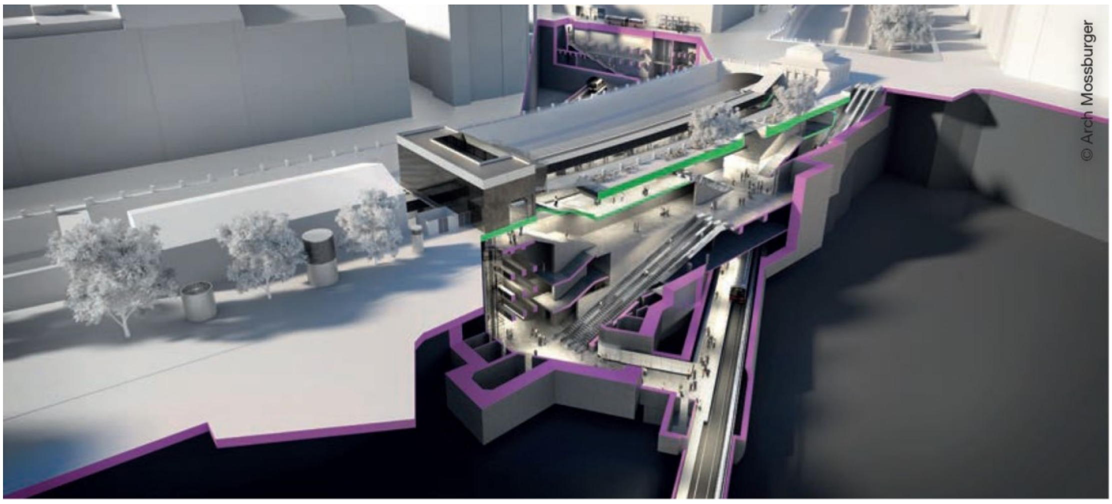
STRABAG kicks off Prague's largest construction project

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 m^2 around 400 flats, 8,000 m^2 of office space and 6,300 m^2 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.

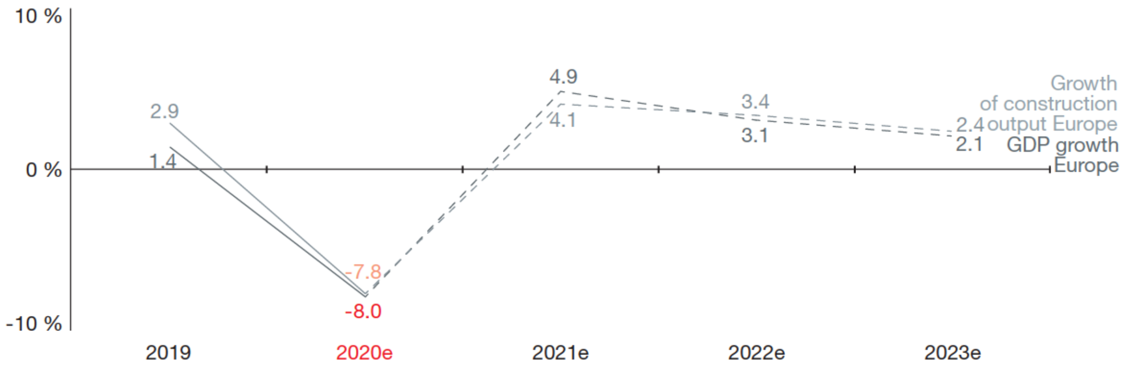
The STRABAG SE Group recorded a slightly smaller decline in output overall in the 2020 financial year than had been feared in the first half of the year. At € 15.4 billion, the output volume was 7 % below the level from 2019. A negative effect was exerted especially by the following factors: the loss 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.

€ mln.	2020	% of total output volume 2020[1]	2019	% of total output volume 2019[1]	▲ %	▲ 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.

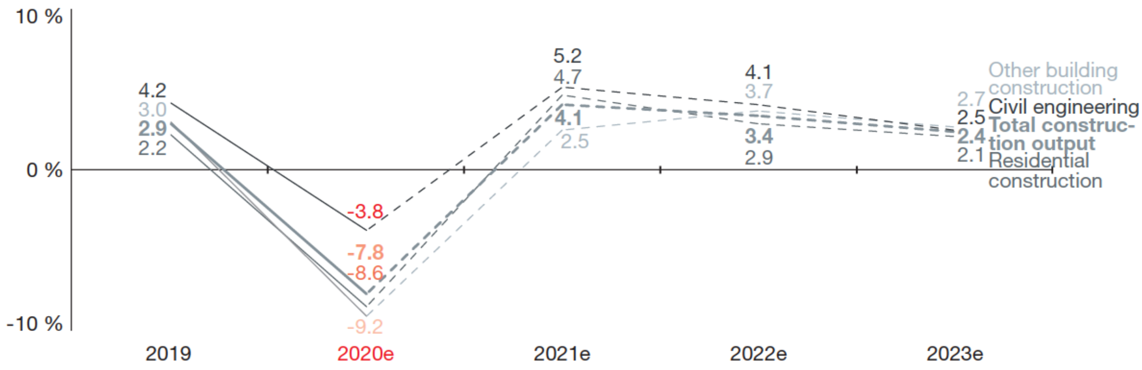
All sectors of the construction industry were affected by the Covid-19 crisis, with other building construction the hardest hit at -9.2 %, followed by residential construction with -8.6 % and civil engineering with -3.8 %. Among the “big five” countries, Germany recorded the smallest slump at -1.6 %, while France, Italy, Spain and the UK 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

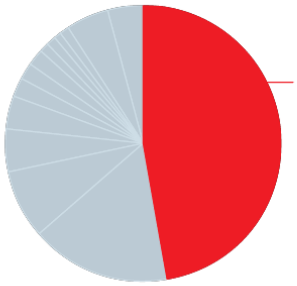


Residential construction, which at just under 50 % accounts for the largest share of the construction industry in the 19 Euroconstruct countries, generated € 734.2 billion in construction output in 2020 - 8.6 % lower than in the previous year. In absolute terms, Germany and France were again in the lead, followed by the UK 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 the UK and France. Growth was only seen in Finland and Norway in 2020, with France, the UK 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.

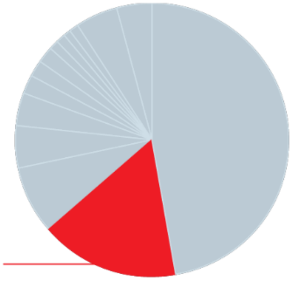
The German construction industry has weathered the crisis quite well so far. The 1.6 % decline in construction output in 2020 is largely due to weaker activity by companies as well as municipalities. For all sectors of the construction industry, an end to real growth is only expected in the medium term, 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.

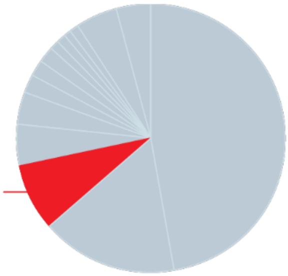
The main growth driver in recent years has been residential construction, supported by favourable financing costs. Covid-19-related bottlenecks led to a slightly negative result of -1.8 % in 2020. The next few years will be characterised by steady, though less dynamic growth. Despite a decline in building 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.

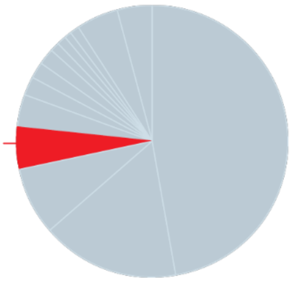
The residential construction sector in Poland has boomed in recent years, mainly due to the good economic situation, rising incomes and historically low interest rates. In 2020, market sentiment turned around as a result of the pandemic. Increasing uncertainty, rising inflation and lower household incomes 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.

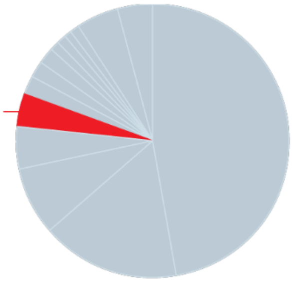
Against this backdrop, Euroconstruct predicts a slight decline of 1.4 % in residential construction in 2021, followed by growth of 0.9 % and 2.9 % in 2022 and 2023, respectively.

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.

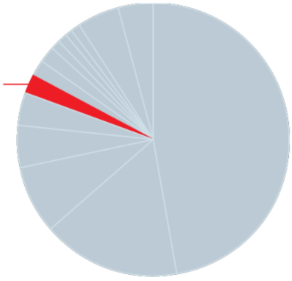
In residential construction, the number of building permits dropped drastically. Demand recovered at one point, but it again weakened significantly during the second phase of the Covid-19 restrictions. Access to housing loans became more difficult despite low interest rates in 2020, and the situation 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.

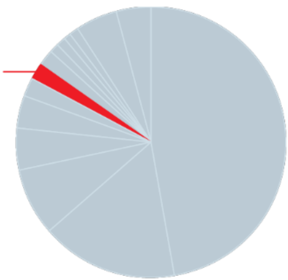
Residential construction, which had benefited significantly from low lending rates and increased demand in recent years, contracted by 12.8 % in 2020. The decline was expected, though the extent was exacerbated by the pandemic. In the medium term, Euroconstruct expects a significant recovery: after a 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 %

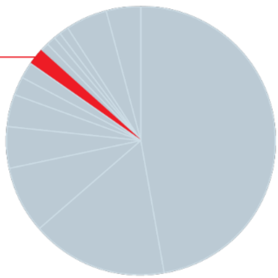
The Covid-19 pandemic also had a clearly negative impact on economic growth in Belgium and the Netherlands. Belgium was hit even harder due to the high number of infections in autumn 2020. A 7.4 % decrease in GDP is projected there for 2020, while the expected decrease in the Netherlands is 5.0 %. In 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).

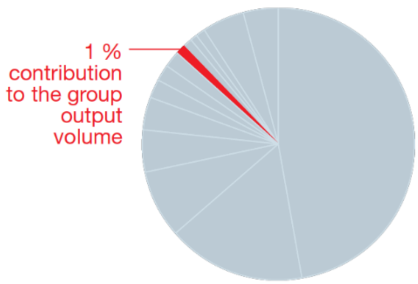
Contrary to the general economic trend, the Romanian construction industry reported positive growth of 3.8 %. While EECFA expects a minus of 2.0 % for 2021, growth of 2.8 % should be achieved again in 2022. Residential construction proved resilient to the pandemic-induced recession in 2020 with a 2.5 % 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 im provement 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.

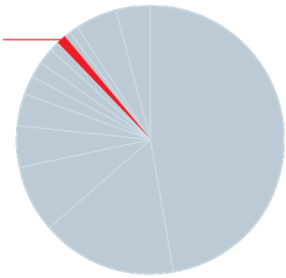
The Swiss construction industry was able to partially recover from the effects of the Covid-19 crisis in the second half of 2020, but still declined by 2.0 % in the reporting period. Even without the pandemic, there would have been a slowdown in the sector, mainly due to the relatively low residential 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.

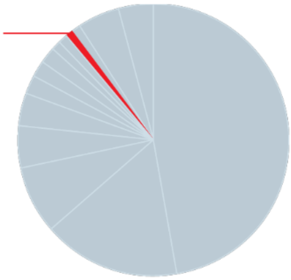
The impact of the pandemic on the Swedish construction industry varied but was only slight overall. Thanks to the less rigid restrictions compared to other European countries, construction companies reported virtually unchanged production rates. Ongoing projects also remained relatively unaffected by 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.

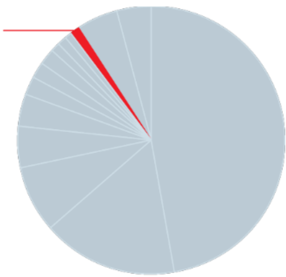
Besides the Covid-19 pandemic, the Zagreb earthquake in March 2020 also had a lasting impact on the Croatian construction industry. The reconstruction in Zagreb has been estimated to cost between € 5 billion and € 12 billion, depending on the standard required, and will take at least seven years. The 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 2021with 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



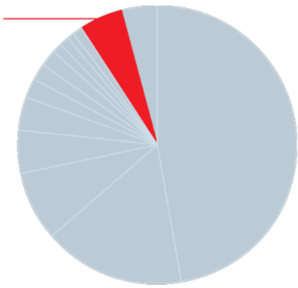
Overall construction volume: € 3.6 billion
GDP growth: 2020e: -1.0 % / 2021e: 6.1 %
Construction growth: 2020e: -10.4 % / 2021e: 2.5 %

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.

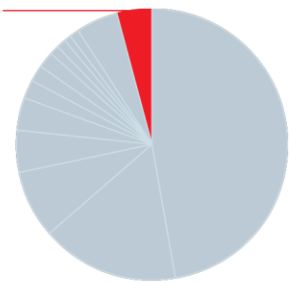
MIDDLE EAST, AMERICAS, AFRICA, ASIA



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 UK 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 the UK 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 the UK 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 publicsector 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 %).

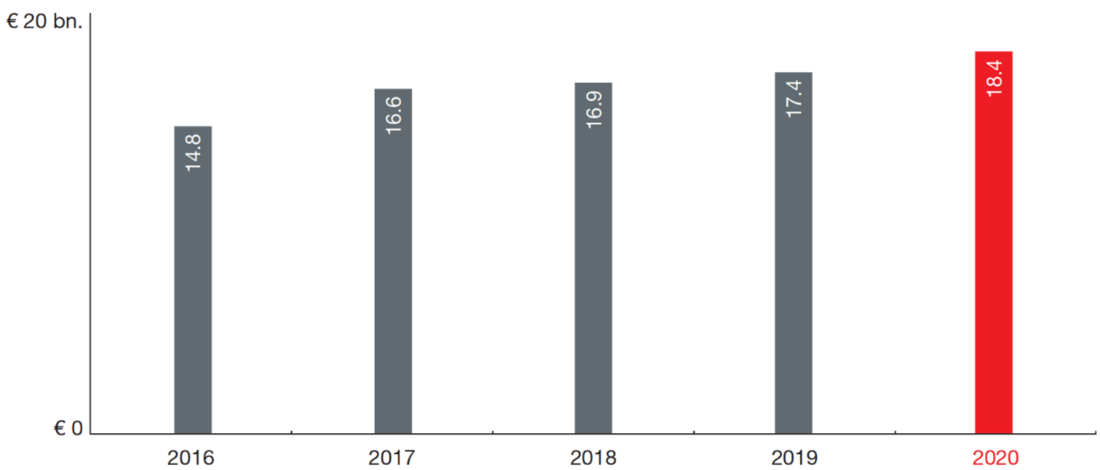
The STRABAG Group generated an output volume of € 51.60 million in Russia in 2020. In the region, STRABAG is active almost exclusively in building and industrial construction.

Order Backlog

ORDER BACKLOG BY SEGMENT AS AT 31 DECEMBER 2020

€ mln.	Total 2020	North + West	South + East	International + Special Divisions	Other	Total 2019	▲ total %	▲ 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 Smichov 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 Elbmarsch	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 %.

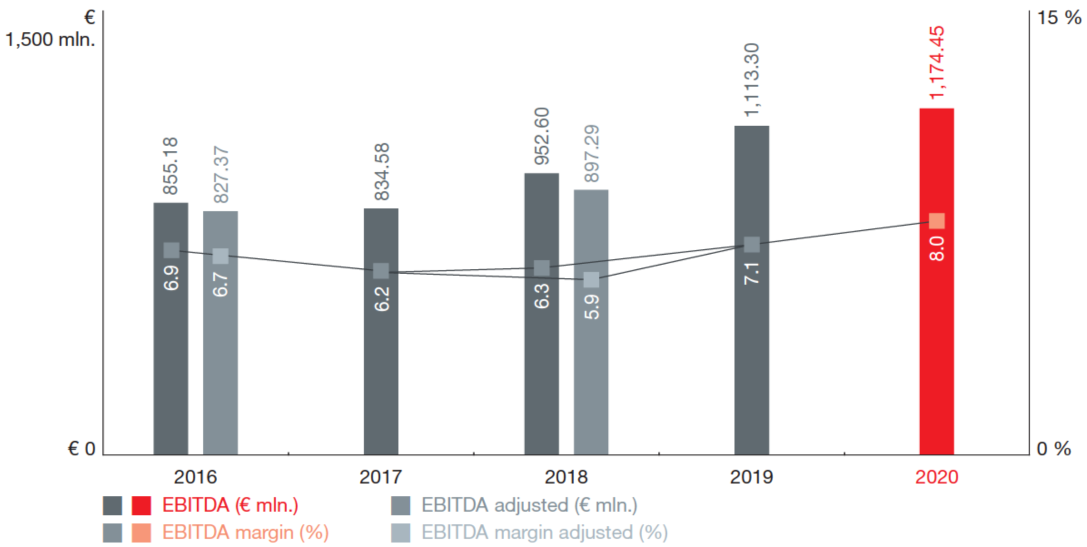
EXPENSES

€ mln.	2020	2019	▲ %
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.

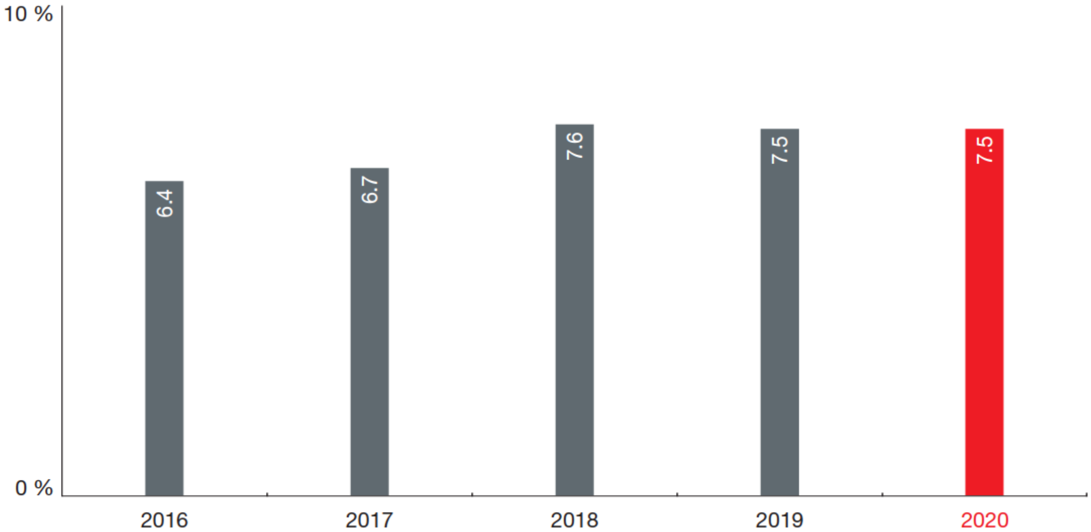
The earnings owed to minority shareholders amounted to € 3.84 million after € 6.86 million in the previous year. The **net income after minorities** for 2020 thus stood at € 395.22 million - an increase of 6 %. The **earnings per share** amounted to € 3.85 (2019: € 3.62).

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

1 Rounding differences are possible.

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.

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.

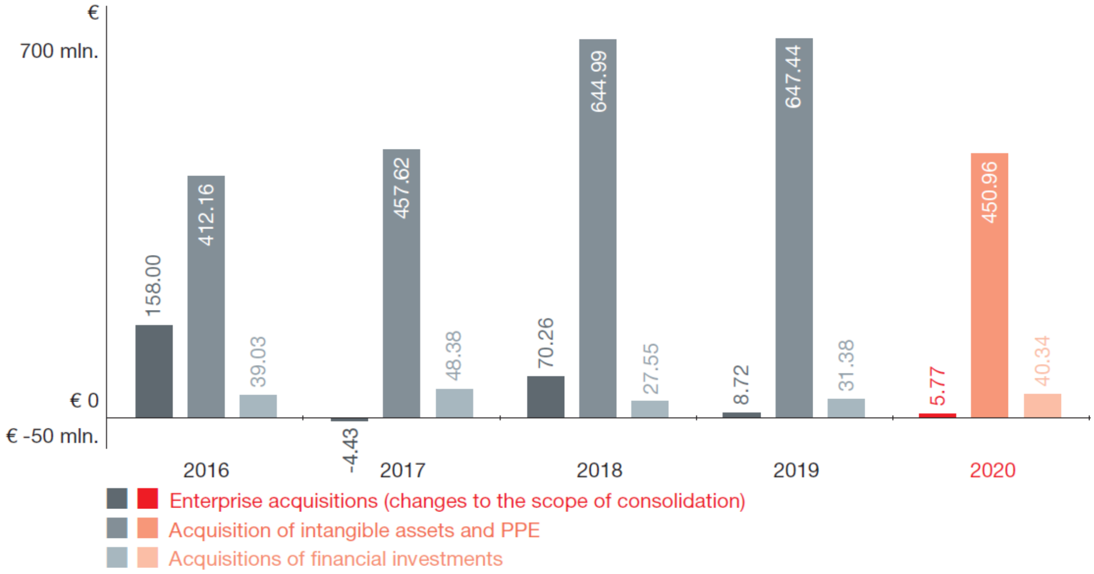
The gross investments (CAPEX) before subtraction of proceeds from asset disposals stood at € 497.07 million. This figure includes **expenditures on intangible assets and on property, plant and equipment** not including the non-cash additions to right-of-use assets of € 450.96 million, the **purchase 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.

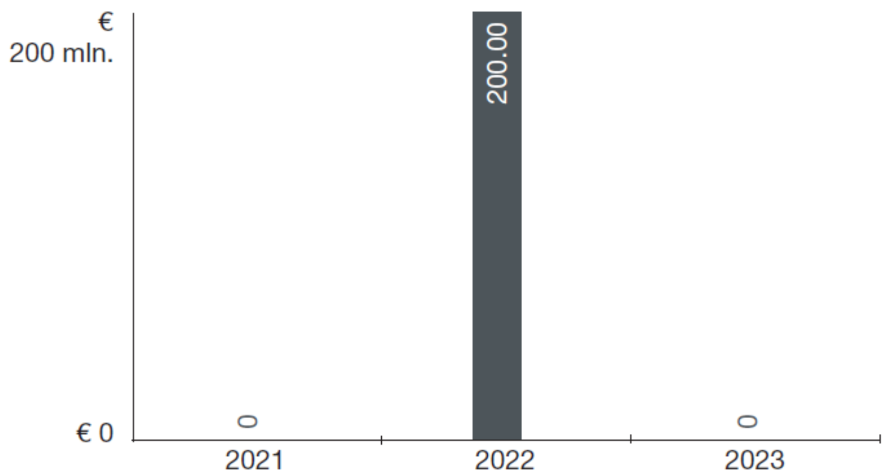
The existing liquidity of € 2.9 billion assures the coverage of the group's liquidity needs. STRABAG SE has a total credit line for cash and surety loans in the amount of € 7.9 billion. The credit lines include a **syndicated surety credit line** in the amount of € 2.0 billion and a revolving **syndicated 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

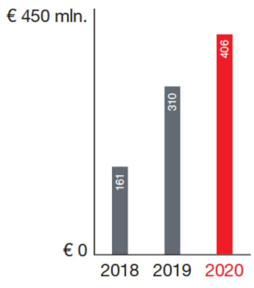
The North + West segment executes construction services of nearly any kind and size with a focus on Germany, Poland, the Benelux countries and Scandinavia. Ground engineering can also be found in this segment.

€ mln.	2020	2019	▲ 2019-2020 %	▲ 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

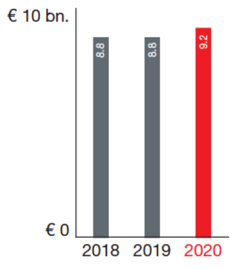
OUTPUT VOLUME NORTH + WEST

€ mln.	2020	2019	▲ 2019-2020 %	▲ 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



ORDER BACKLOG



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 %.

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

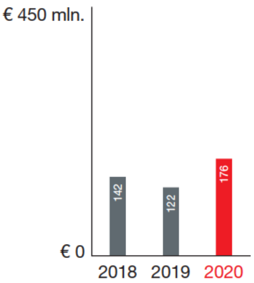
The geographic focus of the South + East segment is on Austria, the Czech Republic, Slovakia, Hungary, South-East Europe, Russia and Switzerland. The environmental technology activities are also handled within this segment.

€ mln.	2020	2019	▲ 2019- 2020 %	▲ 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	▲ 2019-2020 %	▲ 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

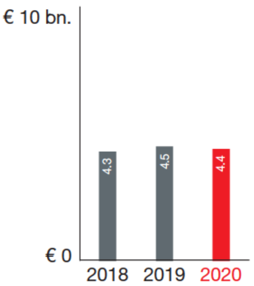


Output volume down due to Covid-19

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



Order backlog: Sharp decline in Hungary offset by Czech Republic and Slovakia

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

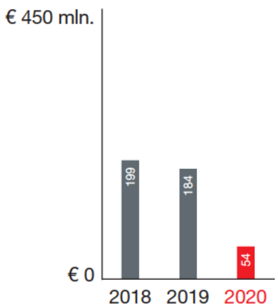
The International + Special Divisions segment includes, on the one hand, the field of tunnelling. The concessions business, on the other hand, represents a further important area of business, with global project development activities in transportation infrastructures in particular. Regardless of where 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	▲ 2019- 2020 %	▲ 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

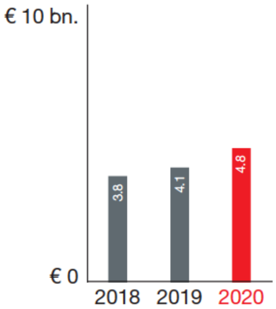
OUTPUT VOLUME INTERNATIONAL + SPECIAL DIVISIONS

€ mln.	2020	2019	▲ 2019 - 2020 %	▲ 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



ORDER BACKLOG



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: UK remains strong growth driver

The order backlog increased by 16 % compared to 31 December 2019. As was the case last year, two projects in the UK 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 the United Kingdom) are helping to increase global awareness for STRABAG's tunnelling competence.

GROUP MANAGEMENT REPORT

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 Jifnain 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**	**▲ 2019-2020 %**	**▲ 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 onsite 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.

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).

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.

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.

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

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 inhouse, 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 mediumterm 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 m.p.
CEO
Responsibility Central Staff Divisions and Central Divisions BMTI, CML as well as TPA

Mag. Christian Harder m.p.
CFO
Responsibility Central Division BRVZ

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

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

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

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

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

Mag. Ernst Pichler m.p.
Wirtschaftsprüfer
(Austrian Chartered Accountant)

This report is a translation of the origin 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.

INDIVIDUAL FINANCIAL STATEMENTS 2020

STRABAG
SOCIETAS EUROPAEA

INDIVIDUAL FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

Balance sheet as at 31 December 2020

Assets	31.12.2020 €	31.12.2019 T€
A. Non-current assets:		
I. Tangible assets:		
Other facilities, furniture and fixtures and office equipment	**1,006,858.78**	**1,026**
II. Financial assets:		
1. Investments in subsidiaries	2,529,104,783.35	2,576,671
2. Investments in participation companies	24,697,168.37	24,551
3. Loans to participation companies	85,549,298.90	86,598
4. Other loans	22,358.35	22
	2,639,373,608.97	**2,687,842**
	2,640,380,467.75	**2,688,867**
B. Current assets:		
I. Accounts receivable and other assets:		
1. Trade receivables	36,473.90	31
2. Receivables from subsidiaries	708,227,057.88	714,680
thereof with a remaining term more than one year	*276,943,214.00*	*250,000*
3. Receivables from participation companies	7,412,357.59	7,266
thereof with a remaining term more than one year	*2,013,570.13*	*2,134*
4. Other receivables and assets	33,435,709.42	33,750
thereof with a remaining term more than one year	*24,699,333.34*	*24,993*
	749,111,598.79	**755,727**
II. Cash assets, including bank accounts	880,363.63	2,839
	749,991,962.42	**758,566**
C. Accrual and deferrals	**21,357.00**	**176**
D. Deferred tax assets	**20,190,809.00**	**10,797**
Total	**3,410,584,596.17**	**3,458,407**

Equity and liabilities	€	T€
A. Equity:		
I. Called up and paid in nominal capital (share capital):		
Subscribed nominal capital (share capital)	110,000,000.00	110,000
less nominal value of own shares	-7,400,000.00	-7,400
	102,600,000.00	**102,600**
II. Capital reserves (committed)	2,152,047,129.96	2,152,047
III. Retained earnings:		
1. Legally required reserves	72,672.83	73
2. Voluntary reserves	150,821,941.04	560,710
	150,894,613.87	**560,783**
IV. Reserves for own shares	7,400,000.00	7,400
V. Unappropriated net profit	707,940,000.00	121,000
thereof profit brought forward	*28,660,000.00*	*9,620*
	3,120,881,743.83	**2,943,830**
B. Provisions:		
1. Provisions for taxes	1,021,000.00	1,021
2. Other provisions	20,882,428.00	24,919
	21,903,428.00	**25,940**
C. Accounts payable		
1. Bonds	200,000,000.00	400,000
thereof with a remaining term up to one year	*0.00*	*200,000*
thereof with a remaining term more than one year	*200,000,000.00*	*200,000*
2. Trade payables	2,087,305.38	1,141
thereof with a remaining term up to one year	*2,087,305.38*	*1,141*
3. Payables to subsidiaries	60,929,629.58	23,723
thereof with a remaining term up to one year	*60,929,629.58*	*23,723*
4. Payables to participation companies	0.00	54,338
thereof with a remaining term up to one year	*0.00*	*54,338*
5. Other payables	4,782,489.38	9,436
thereof taxes	*1,155,531.85*	*1,731*
thereof social security liabilities	*22,940.79*	*31*
thereof with a remaining term up to one year	*4,782,489.38*	*9,436*
	267,799,424.34	**488,638**
thereof with a remaining term up to one year	*67,799,424.34*	*288,638*
thereof with a remaining term more than one year	*200,000,000.00*	*200,000*
Total	**3,410,584,596.17**	**3,458,407**

Income statement for the 2020 financial year

	2020 €	2019 T€
1. Revenue (Sales)	68,219,144.15	76,043
2. Other operating income	179,585.06	550
3. Cost of materials and services:		
a) Materials	-28,449.54	-48
b) Services	-17,611,960.84	-17,964
	-17,640,410.38	**-18,011**
4. Employee benefits expense:		
a) Salaries	-9,817,082.93	-9,400
b) Social expenditure	-621,424.15	-855
thereof contributions to employee benefit plans	*-84,638.55*	*-118*
thereof social security contributions, as well as payroll-related and other mandatory contributions	*-489,193.41*	*-621*
thereof other social expenditure	*-47,592.19*	*-117*
	-10,438,507.08	**-10,256**
5. Depreciation	-18,901.10	-30
6. Other operating expenses:		
a) Taxes other than those included in item 15	-58,831.31	-108
b) Miscellaneous	-23,805,278.29	-25,233
	-23,864,109.60	**-25,341**
7. Subtotal of items 1 through 6 **(operating result)**	**16,436,801.05**	**22,955**
8. Income from investments	306,888,447.89	145,182
thereof from subsidiaries	*296,976,678.54*	*140,691*
9. Other interest and similar income	14,945,032.21	20,114
thereof from subsidiaries	*9,609,060.43*	*14,457*
10. Income from disposal and write-up of financial assets and marketable securities	138,384.43	38,147
11. Expenses related to financial assets:		
a) Depreciation from subsidiaries	-42,809,505.87	-19,115
b) Other expenses from subsidiaries	-24,989,993.44	-749
d) Other	-900,000.00	-1,350
	-68,699,499.31	**-21,214**
12. Interest and similar income	-6,530,894.54	-12,564
13. Subtotal of item 8 through 12 **(financial result)**	**246,741,470.68**	**169,664**
14. Result before taxes	**263,178,271.73**	**192,620**
15. Taxes on income and gains	6,213,460.29	1,221
thereof income tax	*-815,820.45*	*-2,270*
thereof tax allocation	*-2,364,263.26*	*-1,780*
thereof deferred tax income	*9,393,544.00*	*5,271*
16. Income after taxes = net income for the year	**269,391,732.02**	**193,841**
17. Reversal of retained earnings (voluntary reserves)	409,888,267.98	0
18. Allocation to retained earnings (voluntary reserves)	0.00	-82,461
19. Profit for the period	**679,280,000.00**	**111,380**
20. Profit brought forward	28,660,000.00	9,620
21. Unappropriated net profit	**707,940,000.00**	**121,000**

NOTES TO THE 2020 FINANCIAL STATEMENTS OF STRABAG SE, VILLACH

I. Application of Austrian Business Enterprise Code

The Management Board of the company prepared these financial statements as of 31 December 2020 in accordance with the Austrian Business Enterprise Code (UGB).

In preparing the present financial statements, the previous method of presentation was maintained.

Where an asset or liability relates to more than one item in the balance sheet, the relationship of such asset or liability to the relevant items is disclosed in the notes.

The income statement was prepared in report form using the nature of expense method.

Additional information was provided in the notes as far as was necessary to ensure a true and fair view of the financial position, financial performance and cash flows.

The company is the topmost parent company of the companies within the scope of consolidation of STRABAG SE, Villach. The consolidated financial statements are deposited with the Landes- als Handelsgericht Klagenfurt (District and Commercial Court Klagenfurt).

The company is a large corporation (Kapitalgesellschaft) as defined by Sec 221 of the Austrian Business Enterprise Code (UGB).

II. Accounting policies

GENERAL PRINCIPLES

The financial statements were prepared in accordance with the "principles of orderly accounting" and following the general norm of presenting a true and fair view of the financial position, financial performance and cash flows.

The financial statements were prepared in conformity with the "principle of completeness".

Individual assets and liabilities were measured in accordance with the "principle of individual valuation".

The financial statements were prepared in accordance with the "principle of prudence" by only reporting profit which was realized on the balance sheet date. All recognizable risks and impending losses which occurred in 2020 or an earlier financial year were taken into consideration.

Estimates are based on a conservative assessment. If statistically measurable experiences from similar circumstances are available, these were considered when making the estimates.

The previously applied accounting policies were kept.

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 reorganized in line with the national regulations.

Due to the mostly small-scale and decentralized 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.

It is assumed that the company will continue as a going concern.

NON-CURRENT ASSETS

Property, plant and equipment

Property, plant and equipment are valued at historical cost less accumulated depreciation. In line with the relevant tax legislation, the company takes a full year's depreciation for acquisitions during the first six months of the year and a half year's depreciation for acquisitions during the second six months of the year.

The depreciation is calculated using the straight-line method over the following useful lives:

	Years	
	from	**to**
Other facilities, furniture and fixtures and office equipment	4	15

Low-value assets (individual cost up to € 800.00) are depreciated in full in the year in which they are acquired.

Extraordinary depreciation on a lower fair value measurement at the reporting date is undertaken where the impairment is considered permanent.

Financial assets

Financial assets are valued at cost or a lesser fair value if one is attributable where the impairment is considered permanent.

Loans are measured at historical cost. Lower values are recognized for permanent or significant impairment losses.

Increases in non-current assets

The value of non-current assets is increased where there is no more cause for depreciation. The increase is not higher than the net carrying value calculated under consideration of the regular depreciation that would have been charged in the meantime.

CURRENT ASSETS

Accounts receivable and other assets

Trade and other receivables are reported at nominal value.

The valuation of foreign currency receivables follows the strict "lowest value principle".

Individual value adjustments are made for recognizable risk.

Increases in current assets

Reversals of depreciation for current assets are done where there is no more cause for depreciation.

Deferred taxes

Deferred taxes are recognized in accordance with Sec 198 Para 9 and 10 UGB using the balance sheet concept without discounts using the current corporate income tax rate of 25 %. No deferred tax assets are recognized for tax loss carryforwards.

The deferred tax assets resulting from the transition effective 1 January 2016 are distributed over five years in accordance with Sec 906 Para 34 UGB (for the last time in the 2020 financial year).

Provisions

All recognizable risks and impending losses were taken into account in the calculation of provisions in accordance with the legal framework.

Other provisions

Under application of the “principle of prudence”, all recognizable risks at the date of balance sheet creation as well as liabilities of uncertain timing or amount were recognized in the item "Other provisions" at the value required according to reasonable entrepreneurial assessment.

Liabilities

Liabilities are valued at their settlement value.

Foreign currency liabilities are measured in accordance with the strict “highest value principle”.

III. Notes to the balance sheet

NON-CURRENT ASSETS

The non-current assets are itemized and their changes in the year under report are recorded in the statement of changes in non-current assets (Appendix 1 to the Notes).

Information on investments can be found in the list of participations (Appendix 2 to the Notes).

Of the loans, an amount of € 0.00 (previous year: T€ 4,408) is due within the next year.

ACCOUNTS RECEIVABLE AND OTHER ASSETS

Receivables from subsidiaries involve cash-clearing, financing, routine clearing, the calculation of intra-group and clearing of tax allocations and transfers of profits.

The item "Other receivables and assets" includes income of € 767,789.75 (previous year: T€ 1,366) which will be cash effective after the balance sheet date.

DEFERRED TAX ASSETS

Deferred tax assets were recognized on the reporting date for temporary differences between the tax base and the carrying amount for the following items:

	31.12.2020 €	31.12.2019 T€
Property, plant and equipment	4,249.00	9
Financial assets	693,333.00	1,040
Remaining seventh from depreciation of participation	65,944,988.00	49,033
Provisions	11,330,000.00	16,866
Liabilities	2,790,667.00	3,549
Total	**80,763,237.00**	**70,497**
Resulting deferred taxes on 31.12. (25%)	**20,190,809.00**	**17,624**

The deferred taxes developed as follows:

	2020 €	2019 T€
Balance on 1.1.	**10,797,265.00**	**5,526**
Distribution according to Sec 906 (34) UGB	6,827,200.00	6,827
Change in profit or loss	2,566,344.00	-1,556
Balance on 31.12.	**20,190,809.00**	**10,797**

EQUITY

The fully paid in share capital amounts to € 110,000,000.00 and is divided into 109,999,997 no-par bearer shares and three registered shares.

PROVISIONS

Other provisions were made for profit sharing, investment risks and claims.

ACCOUNTS PAYABLE

Payables to subsidiaries involve routine clearing and clearing of tax allocation.

The item "Other payables" includes expenses in the amount of € 3,613,159.79 (previous year: T€ 7,223) which will be cash effective after the balance sheet date.

CONTINGENT LIABILITIES

	31.12.2020 €	31.12.2019 T€
Sureties/Guarantees	51,147,852.54	7,857
Declarations of patronage	4,350,540.00	18,465
Cash-Clearing Liabilities	1,238,657,650.62	0
Total	**1,294,156,043.16**	**26,322**
thereof with subsidiaries	1,263,601,637.93	26,322

In the 2020 financial year, the company issued an irrevocable, unconditional, unrestricted and unlimited warranty statement to secure any payment obligations of the cash pooling participants towards STRABAG BRVZ GmbH, Spittal an der Drau. The total amount of the obligations of the cash pooling participants towards STRABAG BRVZ GmbH as of 31 December 2020 is € 620,941,373.05.

In addition, the company issued a hard, unlimited declaration of patronage in the 2020 financial year to cover all obligations of STRABAG BRVZ GmbH, Spittal an der Drau, toward the participants from cash pooling. The obligations of STRABAG BRVZ GmbH from the cash pooling as of 31 December 2020 amount to € 617,716,277.57.

Furthermore performance bonds in the amount of € 676,144,167.19 (previous year: T€ 636,966) exist for construction projects of subsidiaries.

Due to long-term rentals, letting and leasing, the use of property, plant and equipment not shown in the balance sheet results in an obligation of € 7,237,375.92 (previous year: T€ 7,282) for the 2021 financial year. The sum of all obligations for the next five years is € 36,186,879.60 (previous year: T€ 36,409).

IV. Notes to the income statement

REVENUES (SALES)

	2020 €	2019 T€
Domestic revenue	33,783,335.37	36,987
Foreign revenue	34,435,808.78	39,056
Total	**68,219,144.15**	**76,043**

The revenue, which mostly involves the clearing of intra-group allocations as well as the pass-through of guarantee fees, insurance and rental costs, is generated domestically and abroad.

EMPLOYEE BENEFITS EXPENSE

The company employed on the average 6 employees during the year (previous year: 6 employees).

The salaries of the Management Board members in the 2020 financial year amounted to T€ 9,817 (previous year: T€ 8,269).

In the financial year, a member of the Management Board received an annual pension benefit of T€ 76 (previous year: T€ 0) from his previous activity in a group company.

OTHER OPERATING EXPENSES

Supervisory Board member salaries in the period under review amounted to € 162,000.00 (previous year: T€ 162).

The other operating expenses reported mainly include surety fees, legal and advisory costs, travel and advertising costs, insurance costs and other general administrative expenses.

V. Additional disclosures

EVENTS AFTER THE REPORTING PERIOD

No significant events occurred after the balance sheet date.

APPROPRIATION OF NET INCOME

The Management Board proposes to pay out a dividend in the amount of € 1.90 per share for the 2020 financial year.

BOARD AND RELATED PARTY DISCLOSURES

The members of the Management and Supervisory Boards are listed separately (Appendix 3 to the Notes).

An agreement was concluded with STRABAG BRVZ GmbH, Spittal an der Drau, covering financial and management accounting, operating and cost accounting, payroll accounting, cash management, insurance management and facility management.

The company is a group parent under Sec 9 Para 8 of the Austrian Corporate Income Tax Act (KStG) of 1988. Tax adjustments (both positive and negative allocations) between the group parent and the company were arranged in the form of tax allocation agreements.

For the benefit of Mineral Abbau GmbH, Spittal an der Drau, there is a commitment to cover the losses, which may be terminated by giving three months' notice to the end of the calendar year.

For the benefit of STRABAG AG, Cologne, there is a voluntary transfer of losses as outlined in Sec 302 of the German Stock Corporation Act (dAktG) for the 2021 financial year.

The expenses for the auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, for the financial year amount to T€ 828 (previous year: T€ 755), of which T€ 63 (previous year: T€ 62) are for the audit of the financial statements, T€ 670 (previous year: T€ 629) for other audit services and T€ 95 (previous year: T€ 64) for miscellaneous services.

In addition, T€ 32 (previous year: T€ 14) were calculated for miscellaneous services to subsidiaries.

Villach, 8 April 2021

The Management Board

Dr. Thomas Birtel m.p. | Mag. Christian Harder m.p.

Klemens Haselsteiner m.p. | Dipl.-Ing. Dr. Peter Krammer m.p.

Dipl.-Ing. Siegfried Wanker m.p. | Dipl.-Ing. (FH) Alfred Watzl m.p.

Appendix 1 to the Notes: Statement of changes in non-current assets
Appendix 2 to the Notes: List of participations
Appendix 3 to the Notes: Management and Supervisory Board

Statement of changes in non-current assets as of 31 December 2020

	Acquisition and production costs				
T€	Balance 01.01.2020	Additions	Transfers	Disposals	Balance 31.12.2020
I. Tangible assets:					
Other facilities, furniture and fixtures and office equipment	1,316,774.44	0,00	0.00	0.00	1,316,774.44
	1,316,774.44	**0.00**	**0.00**	**0.00**	**1,316,774.44**
II. Financial assets:					
1. Investments in subsidiaries	2,747,261,047.30	1,863,317.05	0.00	11,145,877.91	2,737,978,486.44
2. Investments in participation companies	37,181,400.96	264,000.00	0.00	279,620.31	37,165,780.65
3. Loans to participation companies	86,597,825.94	4,514,194.62	0.00	5,562,721.66	85,549,298.90
4. Other loans	21,798.99	559.36	0.00	0.00	22,358.35
	2,871,062,073.19	**6,642,071.03**	**0.00**	**16,988,219.88**	**2,860,715,924.34**
Total	**2,872,378,847.63**	**6,642,071.03**	**0.00**	**16,988,219.88**	**2,862,032,698.78**

Accumulated depreciation						Carrying values	
Balance as at 01.01.2020	**Additions**	**Reversal of impairment losses**	**Transfers**	**Disposals**	**Balance as at 31.12.2020**	**Carrying values 31.12.2020**	**Carrying values 31.12.2019**
291,014.56	18,901.10	0.00	0.00	0.00	309,915.66	1,006,858.78	1,025,759.88
291,014.56	**18,901.10**	**0.00**	**0.00**	**0.00**	**309,915.66**	**1,006,858.78**	**1,025,759.88**
170,590,231.92	42,809,505.87	0.00	0.00	4,526,034.70	208,873,703.09	2,529,104,783.35	2,576,670,815.38
12,630,108.87	0.00	0.00	0.00	161,496.59	12,468,612.28	24,697,168.37	24,551,292.09
0.00	0.00	0.00	0.00	0.00	0.00	85,549,298.90	86,597,825.94
0.00	0.00	0.00	0.00	0.00	0.00	22,358.35	21,798.99
183,220,340.79	**42,809,505.87**	**0.00**	**0.00**	**4,687,531.29**	**221,342,315.37**	**2,639,373,608.97**	**2,687,841,732.40**
183,511,355.35	**42,828,406.97**	**0.00**	**0.00**	**4,687,531.29**	**221,652,231.03**	**2,640,380,467.75**	**2,688,867,492.28**

List of participations

(20.00 % interest minimum)	Interest	Equity/ negative equity[1]	Result of the financial year[2]
Name and residence of the company:	**%**	**T€**	**T€**
Investments in subsidiaries:			
"A-WAY Infrastrukturprojektentwicklungs- und -betriebs GmbH", Spittal an der Drau	100.00	10,520	2,013
"SBS Strabag Bau Holding Service GmbH", Spittal an der Drau	100.00	302,396	19,661
"Strabag Azerbaijan" Limited Liability Company, Baku	100.00	1,471	4,361
"Strabag" d.o.o. Podgorica, Podgorica	100.00	6,249	-508
Asphalt & Beton GmbH, Spittal an der Drau	100.00	7,829	848
Bau Holding Beteiligungs GmbH, Spittal an der Drau	65.00	1,239,946	45,623
BHG Sp. z o.o., Pruszkow	100.00	3,108	235
CML Construction Services AB, Stockholm	100.00	4	0
CML Construction Services, Antwerpen	100.00	60	38
CML Construction Services A/S, Trige	100.00	[4]	[4]
CML Construction Services d.o.o. Beograd, Belgrade	100.00	80	38
CML CONSTRUCTION SERVICES d.o.o., Zagreb	100.00	149	90
CML Construction Services GmbH, Cologne	100.00	414	281
CML Construction Services GmbH, Schlieren	100.00	114	19
CML Construction Services GmbH, Vienna	100.00	223	104
CML CONSTRUCTION SERVICES Sp. z o.o., Pruszkow	100.00	390	154
CML CONSTRUCTION SERVICE S.R.L., Bologna	100.00	12	2
CML CONSTRUCTION SERVICES s. r. o., Bratislava	100.00	128	31
CML CONSTRUCTION SERVICES s.r.o., Prague	100.00	88	33
CML Construction Services Zrt., Budapest	100.00	227	23
DC1 Immo GmbH, Vienna	100.00	16	-79
DRP, d.o.o., Ljubljana	100.00	-8,430	-3
ERRICHTUNGSGESELLSCHAFT STRABAG SLOVENSKO s.r.o., Bratislava-Ruzinov	100.00	7,705	329
Erste Nordsee-Offshore-Holding GmbH, Vienna	51.00	128	-482
KMG - KLIPLEV MOTORWAY GROUP A/S, Aarhus	100.00	1,962	369
Mazowieckie Asfalty Sp. z o.o., Pruszkow	100.00	-31 [3]	-3 [3]
Mikrobiologische Abfallbehandlungs GmbH, Schwadorf	51.00	400 [3]	231 [3]
Mineral Abbau GmbH, Spittal an der Drau	100.00	9,554	2,335
OOO "CML", Moscow	100.00	299	-29
PRZEDSIEBIORSTWO ROBOT DROGOWYCH SPOLKA Z OGRANICZONA ODPOWI W LIKWIDACJI, Choszczno	100.00	[4]	[4]
SAT REABILITARE RECICLARE SRL, Cluj-Napoca	100.00	2,090	899
SAT SANIRANJE cesta d.o.o., Zagreb	100.00	412	360
SAT SLOVENSKO s.r.o., Bratislava	100.00	2,581	627
SF Bau vier GmbH, Vienna	100.00	8,284	8,332
STRABAG A/S, Aarhus	100.00	64	-58
STRABAG AG, Schlieren	100.00	-25,916	-32,685
STRABAG AG, Cologne	100.00	1,445,573	348,333
STRABAG Infrastruktur Development, Moscow	100.00	125	81
STRABAG Oy, Helsinki	100.00	111	-292
STRABAG Real Estate GmbH, Cologne	28.40	118,366	51,885
Strabag RS d.o.o., Banja Luka	100.00	-728	-29
STRABAG Sh.p.k., Tirana	100.00	[4]	[4]
STRABAG Silnice a.s., Prague	100.00	2,524	9
TECH GATE VIENNA Wissenschafts- und Technologiepark GmbH, Vienna	94.00	4,531	1,243
TPA GmbH, Cologne	100.00	1,181	529
Zweite Nordsee-Offshore-Holding GmbH, Vienna	51.00	-8,926	-1,979

1 according to Parra 224 Sec 3 UGB
2 net income/loss of the year
3 Financial statements as of 31.12.2019
4 no statement according to Para 242 Sec 2 UGB

Name and residence of the company:	Interest %	Equity/ negative equity[1] T€	Result of the financial year[2] T€
Investments in participation companies:			
A-Lanes A15 Holding B.V., Nieuwegein	24.00	[4]	[4]
ASAMER Baustoff Holding Wien GmbH, Vienna	20.93	[4]	[4]
ASAMER Baustoff Holding Wien GmbH & Co.KG, Vienna	20.93	[4]	[4]
DYWIDAG Verwaltungsgesellschaft mbH, Munich	50.00	[4]	[4]
Klinik für Psychosomatik und psychiatrische Rehabilitation GmbH, Spittal an der Drau	30.00	[4]	[4]
Prottelith Produktionsgesellschaft mbH, Liebenfels	24.00	[4]	[4]
SHKK-Rehabilitations GmbH, Vienna	50.00	[4]	[4]
SOCIETATEA COMPANIILOR HOTELIERE GRAND SRL, Bucharest	35.31	[4]	[4]
SRK Kliniken Beteiligungs GmbH, Vienna	25.00	[4]	[4]
Straktor Bau Aktien Gesellschaft, Kifisia	50.00	[4]	[4]
Syrena Immobilien Holding Aktiengesellschaft, Spittal an der Drau	50.00	[4]	[4]

1 according to Parra 224 Sec 3 UGB
2 net income/loss of the year
3 Financial statements as of 31.12.2019
4 no statement according to Para 242 Sec 2 UGB

Management and Supervisory Board

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 1.1.2020)

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

Dr. Oleg G. K o t o v (until 19.6.2020)

Ksenia M e l n i k o v a (since 19.6.2020)

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 l 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)

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 short-time 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 Britain

HS2, the planned high-speed rail line in 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 fi nancing 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 Jifnain Dam) and 29 months (Al Jufainah Dam).

OCTOBER

€ 105 million contract for D55 motorway in Czech Republic

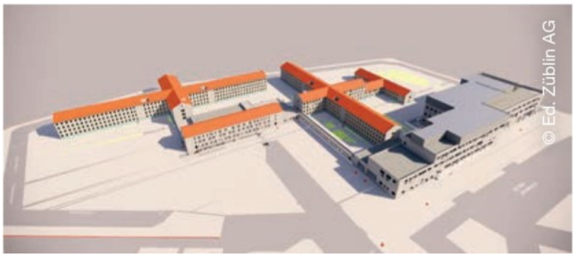
STRABAG was awarded the contract, in a consortium with Czech construction company EUROVIA CS, to build a new section of the D55 motorway in the Zlín Region. The contract is worth the equivalent of around € 105.5 million (approx. CZK 2.85 billion), with STRABAG's share amounting to 50 % of the total. 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.



Design model

Completion is planned by the end of 2025.

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 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.

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

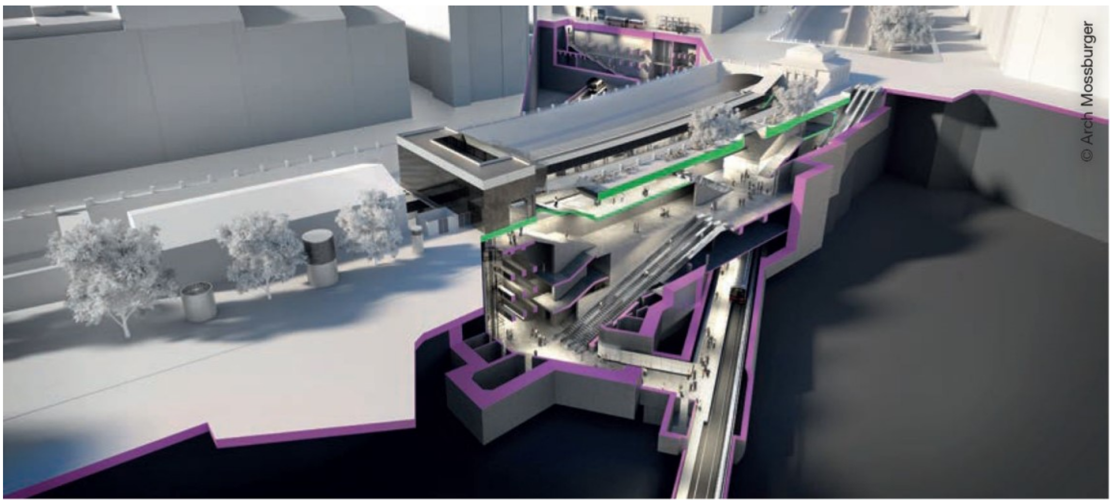
STRABAG kicks off Prague's largest construction project

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 m^2 around 400 flats, 8,000 m^2 of office space and 6,300 m^2 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.

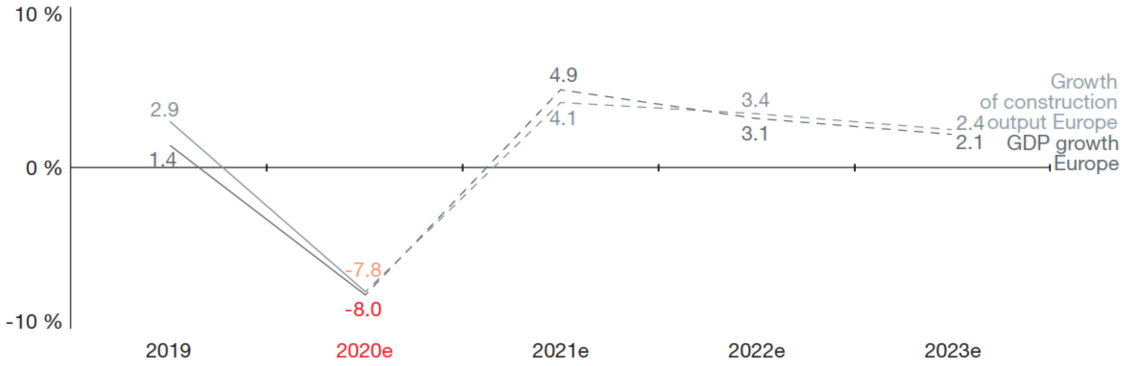
The STRABAG SE Group recorded a slightly smaller decline in output overall in the 2020 financial year than had been feared in the first half of the year. At € 15.4 billion, the output volume was 7 % below the level from 2019. A negative effect was exerted especially by the following factors: the loss 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.

€ mln.	2020	% of total output volume 2020[1]	2019	% of total output volume 2019[1]	▲ %	▲ 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.

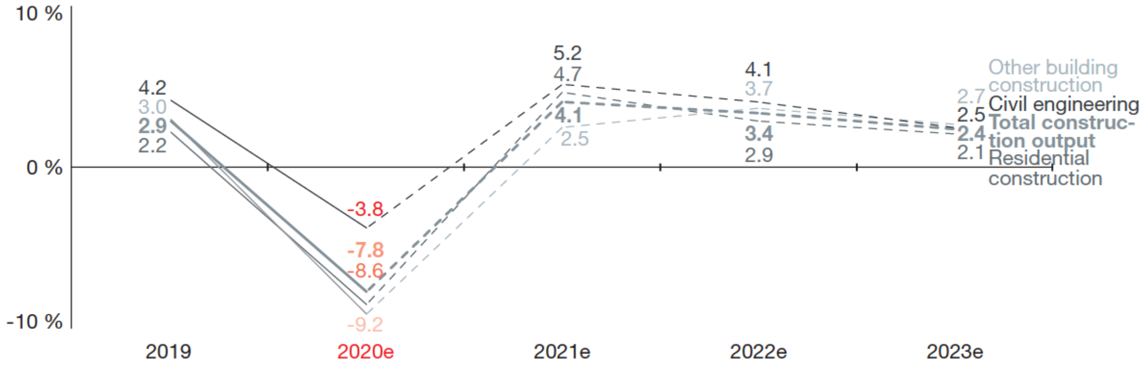
All sectors of the construction industry were affected by the Covid-19 crisis, with other building construction the hardest hit at -9.2 %, followed by residential construction with -8.6 % and civil engineering with -3.8 %. Among the "big five" countries, Germany recorded the smallest slump at -1.6 %, while France, Italy, Spain and the UK 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

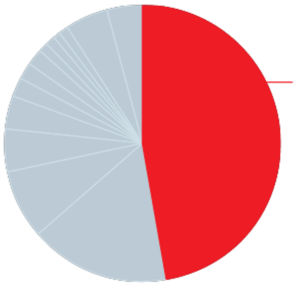


Residential construction, which at just under 50 % accounts for the largest share of the construction industry in the 19 Euroconstruct countries, generated € 734.2 billion in construction output in 2020 - 8.6 % lower than in the previous year. In absolute terms, Germany and France were again in the lead, followed by the UK 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 the UK and France. Growth was only seen in Finland and Norway in 2020, with France, the UK 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.

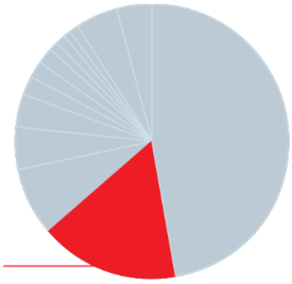
The German construction industry has weathered the crisis quite well so far. The 1.6 % decline in construction output in 2020 is largely due to weaker activity by companies as well as municipalities. For all sectors of the construction industry, an end to real growth is only expected in the medium term, 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.

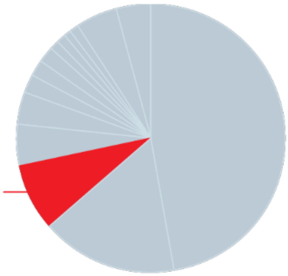
The main growth driver in recent years has been residential construction, supported by favourable financing costs. Covid-19-related bottlenecks led to a slightly negative result of -1.8 % in 2020. The next few years will be characterised by steady, though less dynamic growth. Despite a decline in building 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.

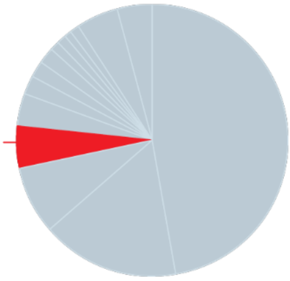
The residential construction sector in Poland has boomed in recent years, mainly due to the good economic situation, rising incomes and historically low interest rates. In 2020, market sentiment turned around as a result of the pandemic. Increasing uncertainty, rising inflation and lower household incomes 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.

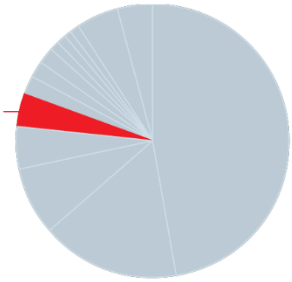
Against this backdrop, Euroconstruct predicts a slight decline of 1.4 % in residential construction in 2021, followed by growth of 0.9 % and 2.9 % in 2022 and 2023, respectively.

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.

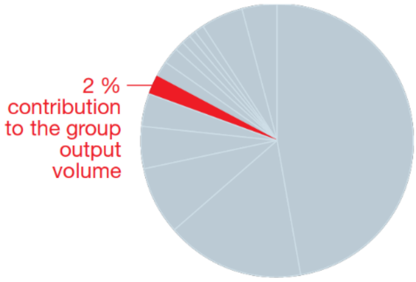
In residential construction, the number of building permits dropped drastically. Demand recovered at one point, but it again weakened significantly during the second phase of the Covid-19 restrictions. Access to housing loans became more difficult despite low interest rates in 2020, and the situation 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.

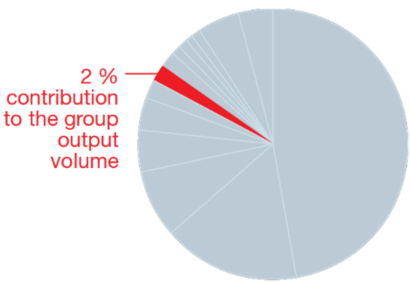
Residential construction, which had benefited significantly from low lending rates and increased demand in recent years, contracted by 12.8 % in 2020. The decline was expected, though the extent was exacerbated by the pandemic. In the medium term, Euroconstruct expects a significant recovery: after a 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 %

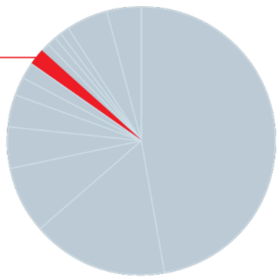
The Covid-19 pandemic also had a clearly negative impact on economic growth in Belgium and the Netherlands. Belgium was hit even harder due to the high number of infections in autumn 2020. A 7.4 % decrease in GDP is projected there for 2020, while the expected decrease in the Netherlands is 5.0 %. In 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).

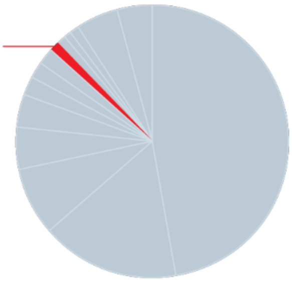
Contrary to the general economic trend, the Romanian construction industry reported positive growth of 3.8 %. While EECFA expects a minus of 2.0 % for 2021, growth of 2.8 % should be achieved again in 2022. Residential construction proved resilient to the pandemic-induced recession in 2020 with a 2.5 % 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 im provement 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.

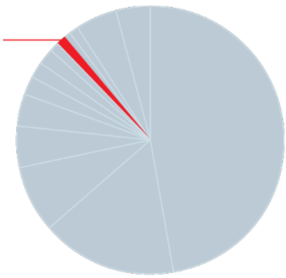
Even before the outbreak of the pandemic, the housing market in Switzerland was largely saturated. Now, ongoing uncertainty and job worries, combined with lower disposable incomes, are further weakening demand. The vacancy rate also rose sharply in 2020. Financing conditions remained attractive and new 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.

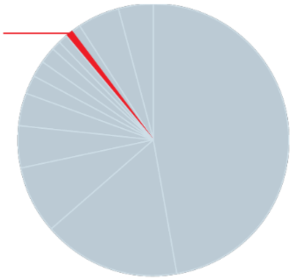
The impact of the pandemic on the Swedish construction industry varied but was only slight overall. Thanks to the less rigid restrictions compared to other European countries, construction companies reported virtually unchanged production rates. Ongoing projects also remained relatively unaffected by 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.

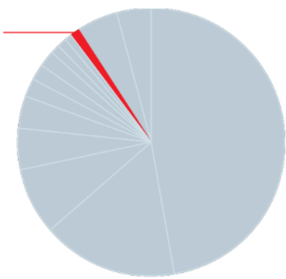
Besides the Covid-19 pandemic, the Zagreb earthquake in March 2020 also had a lasting impact on the Croatian construction industry. The reconstruction in Zagreb has been estimated to cost between € 5 billion and € 12 billion, depending on the standard required, and will take at least seven years. The 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 2021with 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



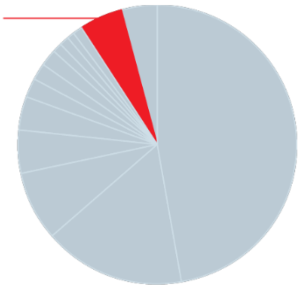
Overall construction volume: € 3.6 billion
GDP growth: 2020e: -1.0 % / 2021e: 6.1 %
Construction growth: 2020e: -10.4 % / 2021e: 2.5 %

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.

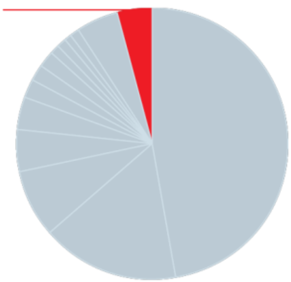
MIDDLE EAST, AMERICAS, AFRICA, ASIA



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 UK 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 the UK 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 the UK 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 publicsector 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 %).

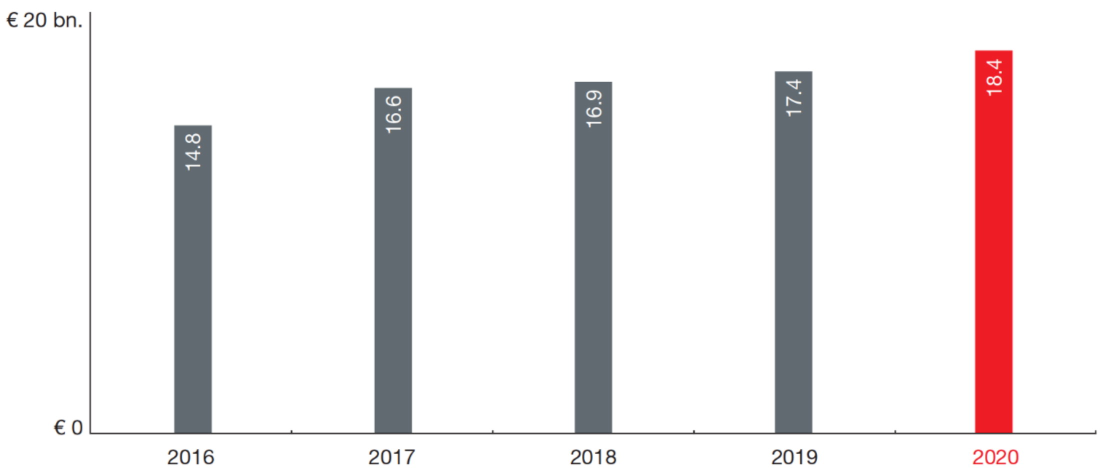
The STRABAG Group generated an output volume of € 51.60 million in Russia in 2020. In the region, STRABAG is active almost exclusively in building and industrial construction.

Order Backlog

ORDER BACKLOG BY SEGMENT AS AT 31 DECEMBER 2020

€ mln.	Total 2020	North + West	South + East	International + Special Divisions	Other	Total 2019	▲ total %	▲ 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 Smichov 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
United Kingdom	HS2 high-speed rail line	1,238	6.7
United Kingdom	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 Elbmarsch	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 %.

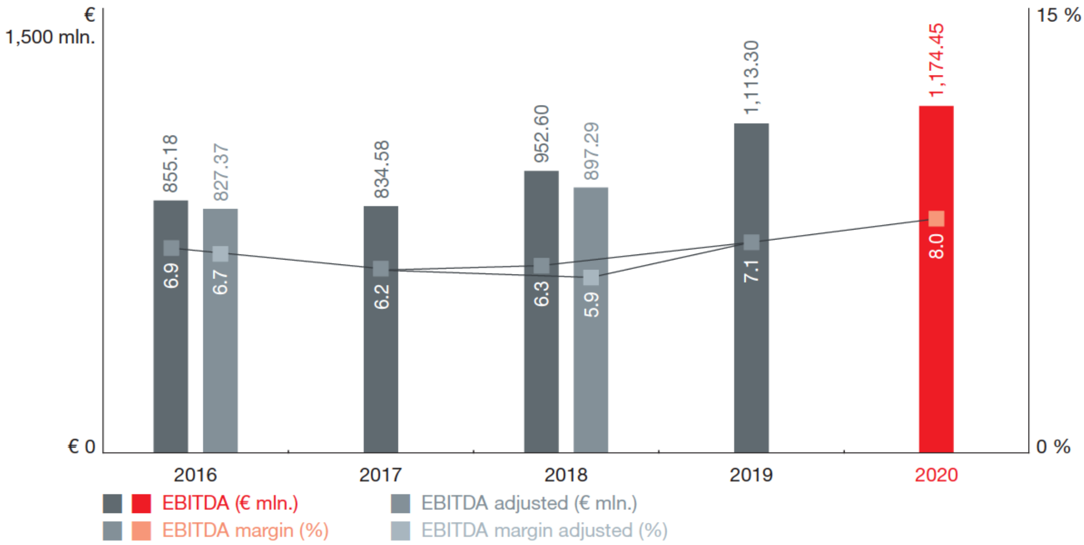
EXPENSES

€ mln.	2020	2019	▲ %
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.

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.

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).

Effective tax rate: 34.6 %

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.

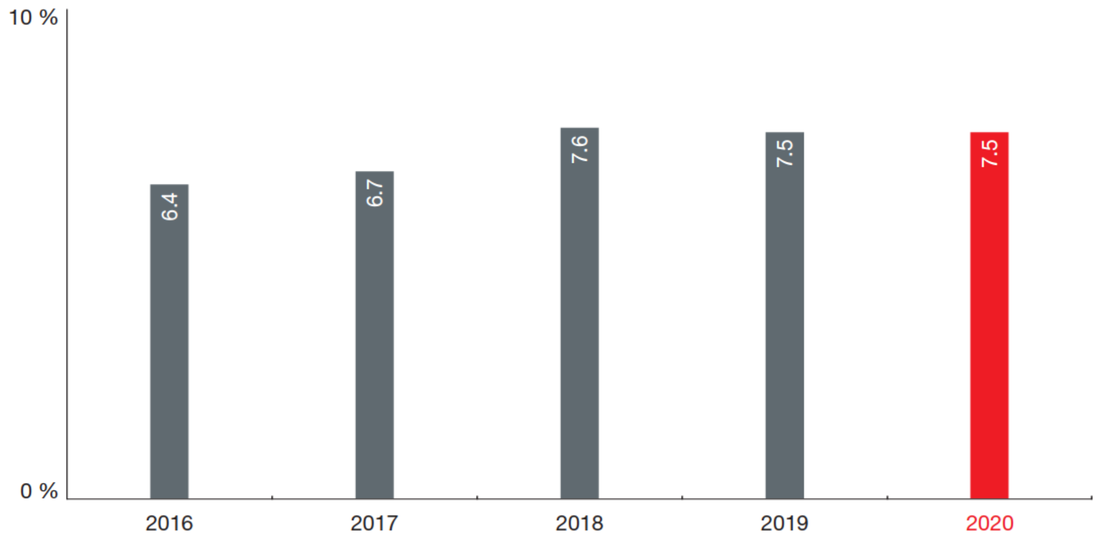
Earnings per share: € 3.85

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

1 Rounding differences are possible.

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.

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.

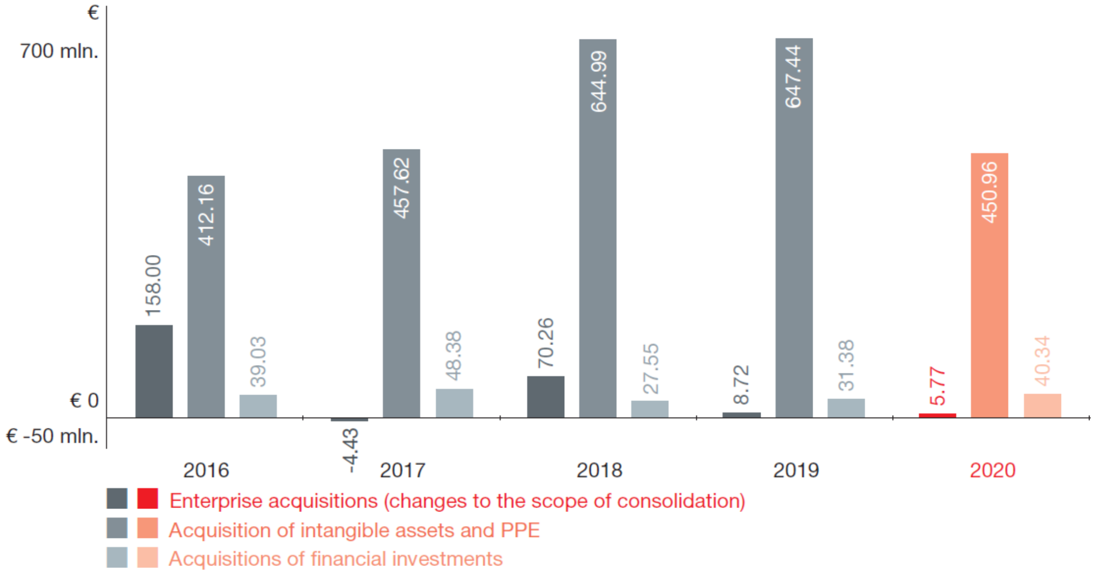
The gross investments (CAPEX) before subtraction of proceeds from asset disposals stood at € 497.07 million. This figure includes **expenditures on intangible assets and on property, plant and equipment** not including the non-cash additions to right-of-use assets of € 450.96 million, the **purchase 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.

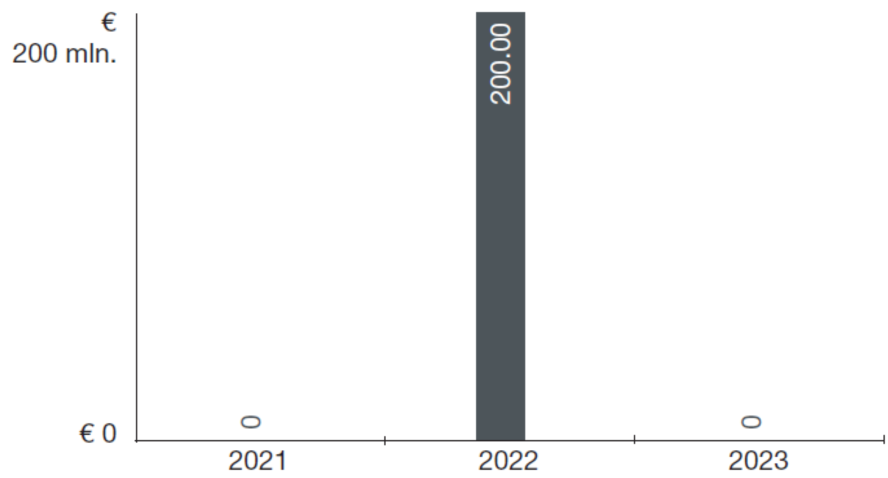
The existing liquidity of € 2.9 billion assures the coverage of the group's liquidity needs. STRABAG SE has a total credit line for cash and surety loans in the amount of € 7.9 billion. The credit lines include a **syndicated surety credit line** in the amount of € 2.0 billion and a revolving **syndicated 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



MANAGEMENT REPORT

Report on the financial performance, financial position and cash flows of STRABAG SE (Individual Financial Statement)

FINANCIAL PERFORMANCE

The company's revenue decreased by € 7.82 million compared with the previous year, from € 76.04 million to € 68.22 million. This development is attributable to the decline in intra-group allocations.

	2020	2019
Revenue in T€ (sales)	68,219	76,043
Earnings before interest and taxes in T€ (EBIT)	254,764	185,071
Return on sales in % (ROS)[1]	>100.0	>100.0
Return on equity in % (ROE)[2]	8.7	6.6
Return on investment in % (ROI)[3]	7.4	5.3

The earnings before interest and taxes (EBIT) increased significantly from € 185.07 million in the previous year to € 254.76 million, which corresponds to growth of € 69.69 million. This figure is characterised by a sharp rise in net income from investments.

The operating earnings were negatively impacted by higher legal and consulting expenses compared with the previous year. In addition, the decrease in intra-group allocations also had a negative effect on earnings.

The considerable increase in the financial earnings by € 77.08 million, from € 169.66 million to € 246.74 million, was achieved through significantly higher dividend distributions from the subsidiaries. On the other hand, increased expenses for financial assets and lower income from the disposal and write-up of financial assets compared with the previous year had a negative impact on earnings in the year under review. In the previous year, this figure had included a significant write-up on an investment in the project development business.

The interest income reached a positive total of € 8.41 million (2019: € 7.55 million). This figure is based on the interest income for financing provided to subsidiaries and from the external financing costs for interest-bearing borrowings.

Overall, the company generated a net profit of € 269.39 million for the 2020 financial year (2019: € 193.84 million).

The improvement in earnings is also reflected positively in the profitability indicators.

FINANCIAL POSITION AND CASH FLOWS

The total assets of STRABAG SE decreased slightly to € 3.4 billion in 2020 compared with the previous year (€ 3.5 billion). A significant change only occurred in liabilities, which decreased due to a bond repayment.

1 ROS = EBIT / revenue
2 ROE = EBT / avg. equity
3 ROI = EBIT / avg. total capital

	2020	2019
Net debt in T€[1]	-175,782	107,402
Working capital in T€[2]	-19,128	74,440
Equity ratio in %	91.5	85.1
Gearing ratio in %[3]	n. a.	3.6

There was a surplus of cash and cash equivalents over interest-bearing dept in the 2020 financial year compared to the previous year. The surplus of liquid funds (Net Cash) in the amount of € 175.78 million results from the reduction of interest-bearing debt and the decrease in liquid funds.

The working capital decreased by € 93.57 million in the 2020 reporting year, from € 74.44 million in 2019 to € -19.13 million, on the reduction in receivables from profit and loss transfers.

Due to the increase in equity, the equity ratio of 91.5 % was up versus the previous year (85.1 %) and remains at a very high level.

T€	2020	2019
Cash flow from operating activities	469,206	109,505
Cash flow from investing activities	-39,600	5,732
Cash flow from financing activities	-346,422	-225,344

The cash flow from operating activities, which is attributable to the cash flow from earnings and to the reduction of the working capital, increased considerably compared with the previous year.

The cash flow from investing activities in the year under review saw an inflow of cash and cash equivalents totalling € 3.71 million from disposals of financial assets. This contrasts with the use of funds for additions to financial assets in the amount of € 2.01 million and payments for financial investments in current assets in the amount of € 41.30 million. The total cash flow from investing activities amounts to € -39.60 million.

The payment of the dividend for the 2019 financial year in the amount of € 92.34 million, the bond repayment in the amount of € 200.00 million and the repayment of other financing liabilities in the amount of € 54.08 million resulted in a cash outflow of € 346.42 million in cash flow from financing activities in 2020.

1 Net debt = interest-bearing liabilities + non-current provisions - cash and cash equivalents
2 Working capital = current assets - cash and cash equivalents - current non-interest-bearing liabilities
3 Gearing ratio = net debt / equity

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

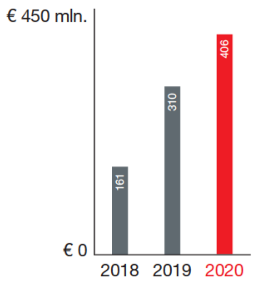
The North + West segment executes construction services of nearly any kind and size with a focus on Germany, Poland, the Benelux countries and Scandinavia. Ground engineering can also be found in this segment.

€ mln.	2020	2019	▲ 2019-2020 %	▲ 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

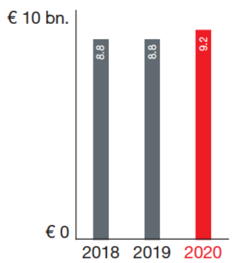
OUTPUT VOLUME NORTH + WEST

€ mln.	2020	2019	▲ 2019-2020 %	▲ 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



ORDER BACKLOG



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 %.

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

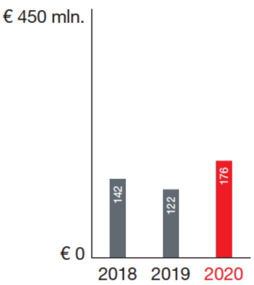
The geographic focus of the South + East segment is on Austria, the Czech Republic, Slovakia, Hungary, South-East Europe, Russia and Switzerland. The environmental technology activities are also handled within this segment.

€ mln.	**2020**	**2019**	**▲ 2019- 2020 %**	**▲ 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

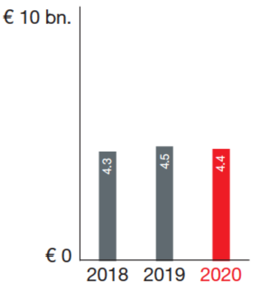
OUTPUT VOLUME SOUTH + EAST

€ mln.	2020	2019	▲ 2019-2020 %	▲ 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



ORDER BACKLOG



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

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

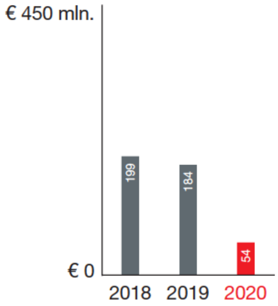
The International + Special Divisions segment includes, on the one hand, the field of tunnelling. The concessions business, on the other hand, represents a further important area of business, with global project development activities in transportation infrastructures in particular. Regardless of where 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	▲ 2019- 2020 %	▲ 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

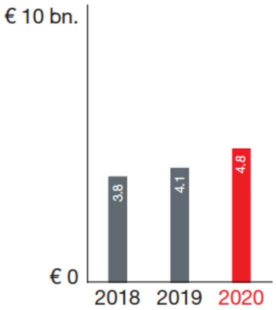
OUTPUT VOLUME INTERNATIONAL + SPECIAL DIVISIONS

€ mln.	2020	2019	▲ 2019 - 2020 %	▲ 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



ORDER BACKLOG



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: UK remains strong growth driver

The order backlog increased by 16 % compared to 31 December 2019. As was the case last year, two projects in the UK 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 the United Kingdom) 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 Jifnain 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	▲ 2019-2020 %	▲ 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.

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).

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.

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.

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

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 inhouse, 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 mediumterm 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 the item V. of the Notes.

Villach, 8 April 2021

The Management Board

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

Mag. Christian Harder m.p.
CFO
Responsibility Central Division BRVZ

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

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

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

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

AUDITOR’S REPORT

REPORT ON THE FINANCIAL STATEMENTS

Audit Opinion

We have the audited financial statements of

STRABAG SE,
Villach, Austria,

which comprise the Balance Sheet as at 31 December 2020, the Income Statement for the year then ended, and the Notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance for the year then ended, in accordance with Austrian Generally Accepted Accounting Principles.

Basis for our Opinion

We conducted our audit in accordance with Regulation (EU) 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 Company, 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 financial statements. These matters were addressed in the context of our audit of the financial statements as a whole, however, we do not provide a separate opinion thereon.

Valuation of investments in affiliated companies
and receivables from affiliated companies

Refer to note Annex I/2f.

Risk for the Financial Statements

Investments in and receivables from affiliated companies represent a major portion of the assets reported in the annual financial statements of STRABAG SE as at 31 December 2020.

Investments in and receivables from affiliated companies are tested for impairment annually and whenever there is an indication that the assets may be impaired. In a first step, the carrying amount of the investments in affiliated companies is compared with the proportionate share in equity at the reporting date. In case the carrying amount exceeds the proportionate share in equity, a valuation of the investment based on discounted cashflows, which significantly depend on future revenue and margin projections, and on discount rates, is performed in a further step. This valuation is subject to significant uncertainty.

Our Response

We have evaluated the valuation of investments in affiliated companies as well as the receivables from affiliated companies as follows:

— We reconciled the revenues and margins on which the valuation of shares in and receivables from affiliated companies are based, with the current budgets of the Group, approved by the Supervisory Board.

— In order to assess the appropriateness of the planning figures, we gained an understanding of the planning process und compared the assumptions with current industry specific market expectations and discussed these with the Management Board and representatives of the respective company divisions.

— In addition, we evaluated the appropriateness of the discount rates used as well as the underlying calculation and by means of sensitivity analyses, assessed whether the tested book values were still covered by their respective valuation in the event of possible realistic changes in these assumptions.

— We further assessed the appropriateness and completeness of the Company's disclosures and explanations in the notes regarding investments in and receivables from affiliated companies.

Other Information

Management is responsible for other information. Other information is all information provided in the annual report, other than the financial statements, the 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 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 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Company'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 intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

Auditor´s Responsibilities

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements.

As part of an audit in accordance with 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 misstatements in the 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 the 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 entity'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 Company'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 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 Company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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

Management Report

In accordance with Austrian company law, the management report is to be audited as to whether it is consistent with the financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the management report in accordance with Austrian company law.

We have conducted our audit in accordance with generally accepted standards on the audit of management reports.

Opinion

In our opinion, the management report is consistent with the financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB are appropriate.

Statement

Based on our knowledge gained in the course of the audit of the financial statements and our understanding of the Company and its environment, we did not note any material misstatements in the 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 financial statements at 31 March 1999.

We declare that our opinion expressed in the "Report on the 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 Company.

ENGAGEMENT PARTNER

The engagement partner is Mr. Mag. Ernst Pichler.

Linz, 8 April 2021

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Ernst Pichler m.p.
Wirtschaftsprüfer
(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid. The financial statements, together with our auditor's opinion, may only be published if the financial statements and the management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

STATEMENT OF ALL LEGAL REPRESENTATIVES

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 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 m.p.
CEO
Responsibility Central Staff Divisions and
Central Divisions BMTI, CML as well as TPA

Mag. Christian Harder m.p.
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Responsibility Central Division BRVZ

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Responsibility Central Divisions STRABAG
Innovation & Digitalisation as well as Zentrale
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Responsibility Segment South + East
(except Subdivision NN Russia)

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Responsibility Segment
International + Special Divisions

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Responsibility Segment North + West