What is to come? Please turn over.

WHAT HAS BEEN.

Annual Report 2015

STRABAG SOCIETAS EUROPAEA

2015 WAS A GOOD YEAR.

Key figures

Key figures

KEY FINANCIAL FIGURES

	2011	2012	2013	2014	Δ %	2015
Output volume (€ mln.)	14,325.85	14,042.60	13,573.07	13,566.00	5	14,289.76
Revenue (€ mln.)[1]	13,713.80	12,983.23	12,394.15	12,475.67	5	13,123.48
Order backlog (€ mln.)	13,354.00	13,202.66	13,469.68	14,403.44	-9	13,134.58
Employees	76,866	74,010	73,100	72,906	1	73,315

KEY EARNINGS FIGURES

	2011	2012	2013	2014	Δ %	2015
EBITDA (€ mln.)	746.33	608.35	694.91	719.94	13	816.10
EBITDA margin (% of revenue)	5.4	4.7	5.6	5.8		6.2
EBIT (€ mln.)	334.78	207.19	261.58	281.96	21	341.04
EBIT margin (% of revenue)	2.4	1.6	2.1	2.3		2.6
Earnings before taxes (€ mln.)	343.33	156.46	230.04	255.76	24	316.62
Net income (€ mln.)	239.29	110.04	156.26	147.50	24	182.49
Earnings per share (€)	1.75	0.58	1.11	1.25	22	1.52
Dividend per share (€)	0.60	0.20	0.45	0.50	30	0.65
Cash flow from operating activities (€ mln.)	501.15	268.80	693.70	805.33	54	1,240.35
ROCE (%)	6.3	4.0	4.6	4.3		4.1
Investment in fixed assets (€ mln.)	477.15	458.28	387.36	346.49	14	395.75

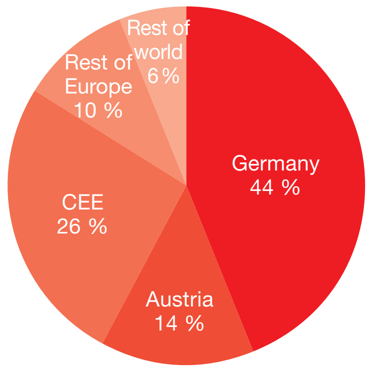
KEY BALANCE SHEET FIGURES

	2011	2012	2013	2014	Δ %	2015
Equity (€ mln.)	3,149.84	3,162.54	3,238.77	3,144.30	6	3,320.63
Equity ratio (%)	30.3	31.2	30.7	30.6		31.0
Net debt (€ mln.)	-267.81	154.55	-73.73	-249.11	-339	-1,094.48
Gearing ratio (%)	-8.5	4.9	-2.3	-7.9		-33.0
Capital employed (€ mln.)	5,336.45	5,322.35	5,462.11	5,357.82	2	5,448.01
Balance sheet total (€ mln.)	10,386.05	10,137.69	10,560.79	10,275.54	4	10,728.87

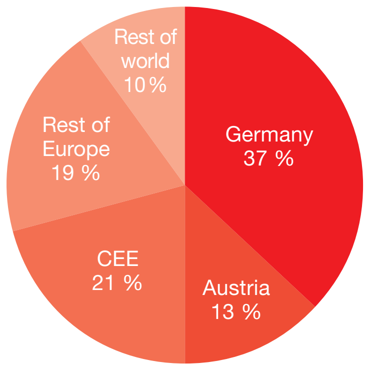
EBITDA = profit for the period before net interest income, income tax expense and depreciation and amortisation
EBIT = profit for the period before net interest income and income tax expense
ROCE = (net income + interest on debt - interest tax shield (25 %))/(average group equity + interest-bearing debt)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

1) Until 2012 revenue including profit from construction consortia

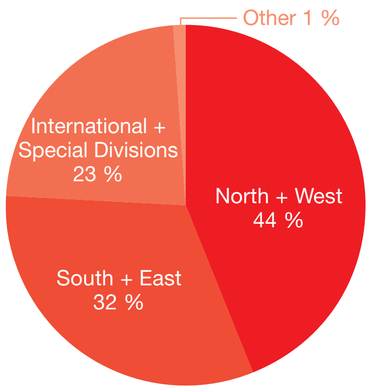
OUTPUT VOLUME BY REGION 2015



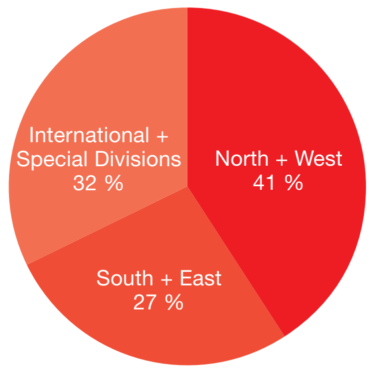
ORDER BACKLOG BY REGION 2015



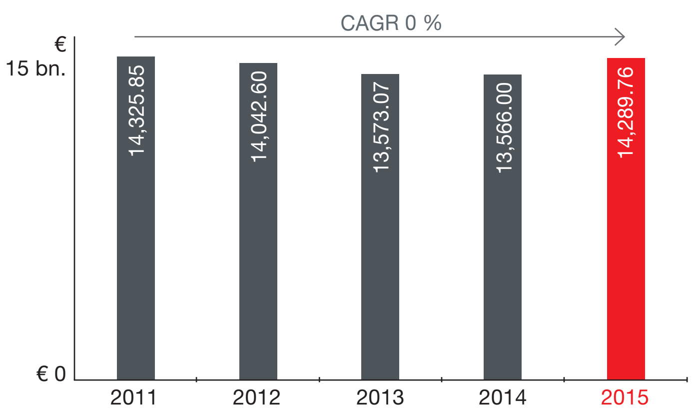
OUTPUT VOLUME BY SEGMENT 2015



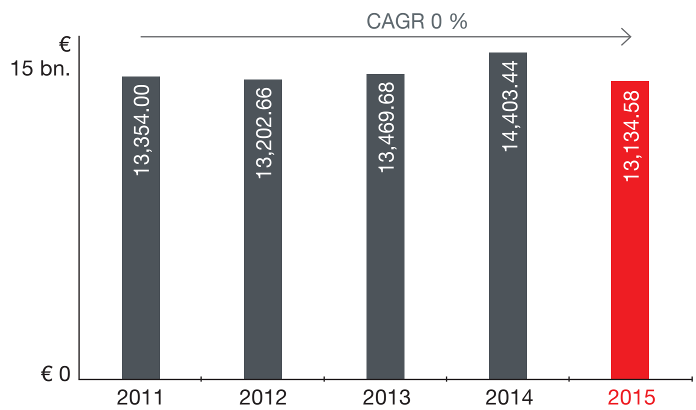
ORDER BACKLOG BY SEGMENT 2015



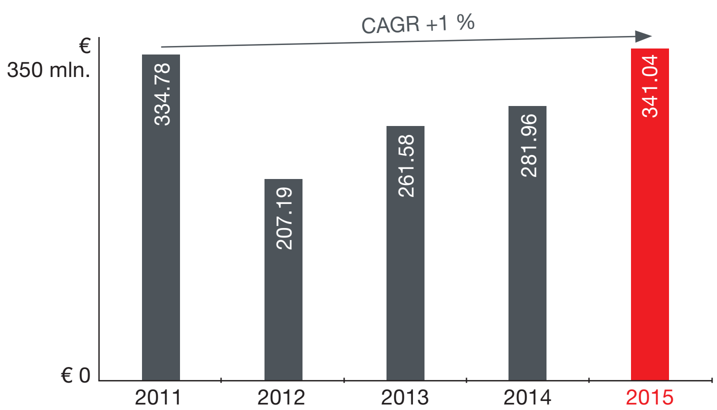
OUTPUT VOLUME



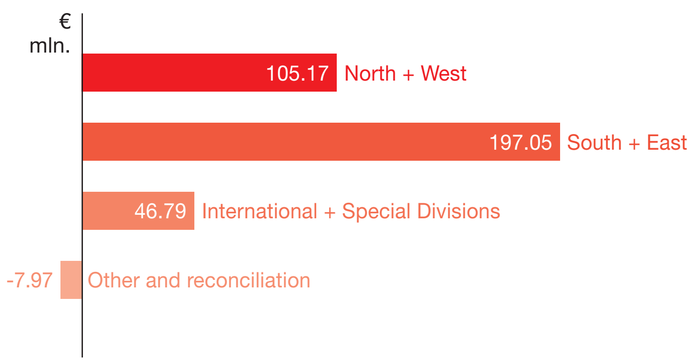
ORDER BACKLOG



EBIT

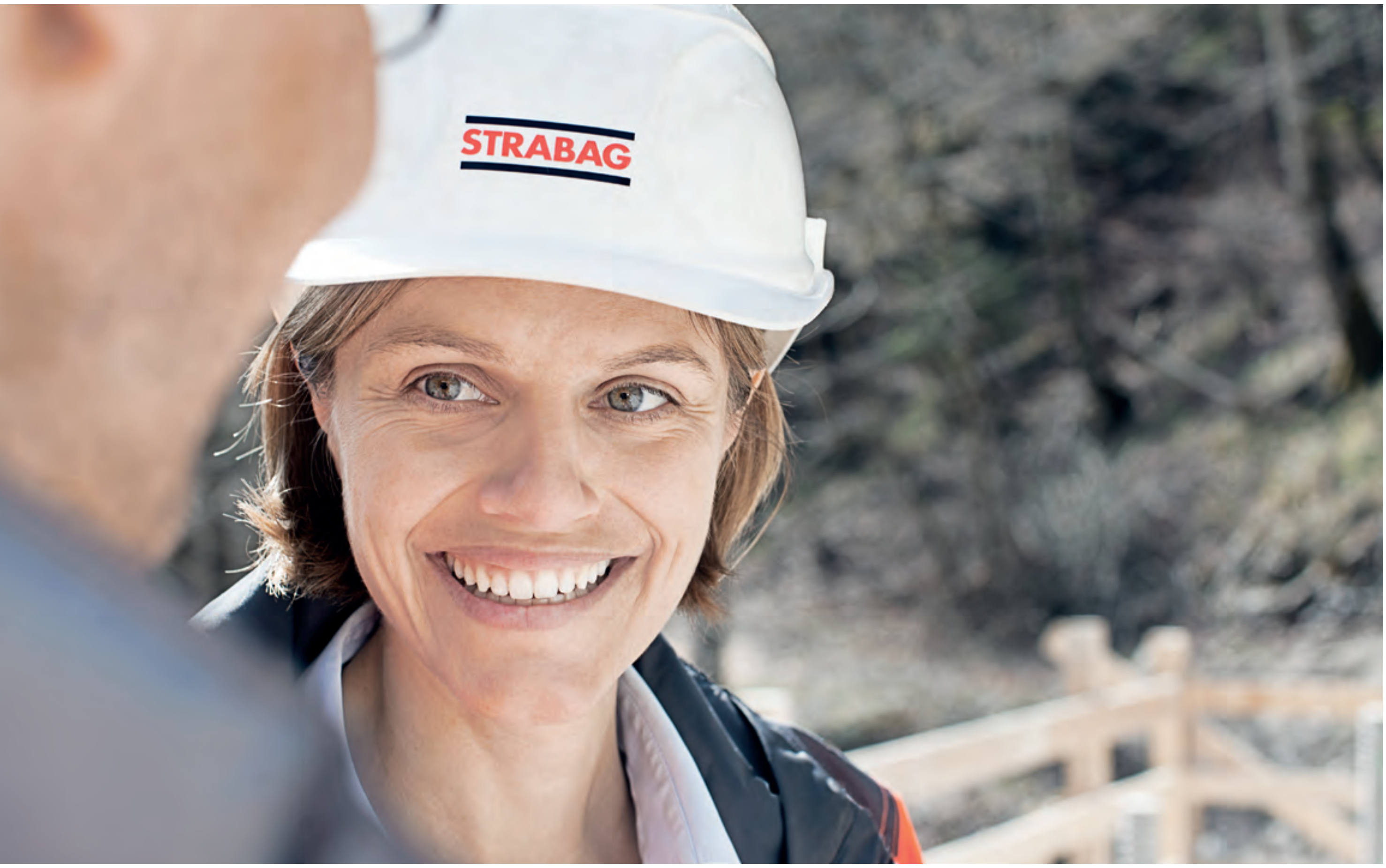


EBIT 2015 BY SEGMENT



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

STRABAG SE is a European-based technology group for construction services, a leader in innovation and financial strength. Our services span all areas of the construction industry and cover the entire construction value chain. We bring together people, materials and machinery at the right place and at the right time in order to realise even complex construction projects – on schedule, of the highest quality and at the best price.



- In 2015, we came another step closer to reaching our goal of a sustained EBIT margin of 3 % on the revenue: 2.6 % (2014: 2.3 %).

- Shares of STRABAG SE gained 30 %, exceeding the performance of the Austrian blue chip index ATX and closing at € 23.58 at the end of the year.

- In April 2016, the group acquired 100 % of Ed. Züblin AG. In keeping with our motto TEAMS WORK., the acquisition will further simplify not only the group structure, but also cooperation within the group.

- We are continuously working on the further development of digitalisation, e.g. in the form of BIM.5D®. We are engaged in research and are already using BIM.5D® in practice on the construction site.

- Although the order backlog fell by 9 %, this figure covers 14,496 individual projects with the ten largest projects accounting for just 18 % of the total orders – that is our understanding of risk management.

- In this financial year, we undertook further steps to meet the G4 reporting standards established by the Global Reporting Initiative (GRI) – starting with the Core option – by creating the foundations for determining the material aspects.

- S&P raised our rating one level from BBB- to BBB, outlook stable. The agency sees STRABAG's strengths as lying in its stable margins, effective risk management and strong market positions.

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CORPORATE CITIZENSHIP

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ECONOMIC RESPONSIBILITY

1) This part has been audited by the financial auditor KPMG Austria GmbH Wirtschaftsprüfung- und Steuerberatungsgesellschaft, Linz.

ABOUT THIS REPORT

For the 2015 financial year, STRABAG SE has drafted a **combined Annual Report** reflecting the situation of the group and its consolidated companies as at 31 December 2015. Both financial and non-financial information provide insight into the fundamental economic, ecological, social, societal and corporate governance consequences of our business activity. Combined reporting is our response to a growing demand for transparency from our most important stakeholder groups. An integrated presentation also has the advantage of better showing and clarifying the relationships between the individual factors. In this way, we present a more complete picture of our situation and of the group's positioning.

Aiming for audit in the medium term

Together with the information provided online, it is our intention to gradually meet the **"core" option** of the **G4** reporting guidelines that have been established by the **Global Reporting Initiative** (GRI). The reporting that is to be handled annually in this form has not been evaluated by an external auditor, although the STRABAG Group is aiming for audit in this regard in the medium term.

Sustainability as a result of our business activity

Just as our corporate strategy is focused on responsible, sustainable action, this focus is also reflected in our reporting. The system presented by our strategic fields serves as basis for the structure of the chapters in this report. At the same time it figures topics which are required by sustainability reporting. This Annual Report shows the full extent to which aspects of sustainability are integrated into our strategy: We comprehensively treat each of our **six strategic fields** – Economic Responsibility, Ecological Responsibility, Corporate Citizenship, People & Workplace, Business Compliance, Corporate Governance – in a chapter of its own. Wherever the information in one chapter overlaps with that in another, we have placed the symbol of each field of action next to the relevant text passages.

Comprehensive reporting at: www.strabag.com > Strategy

In 2015, we began the process of **identifying** the strategically **relevant topics** that comprise our stakeholders' demands and which are compatible with our business strategy and with the strategic fields of action. This helps us to achieve continuity in the reporting and to receive the support and acceptance of our employees in the implementation of the corresponding measures. The foundation for this is an open communication on the current status of the materiality analysis, which you can follow at www.strabag.com > Strategy > Stakeholder Engagement.

An important milestone in the **materiality analysis** was reached in 2015 with our identification of the 20 central issues that are especially relevant for the group's development. Our own assessment as to which issues STRABAG will have to deal with in the future has been complemented by an external perspective: We include the demands and expectations of stakeholders that reach us in the process of contract acquisition and in the dialogue with investors as well as political specifications, legal requirements and industry- or market-specific trends.

The results of this analysis were reviewed in the spring of 2016 at a **dialogue event** with selected representatives of the most important stakeholder groups together with the CEO. At the end of this step lies the materiality matrix.

The preliminary relevant topics identified include:

- Anti-discrimination
- Business compliance
- Child labour
- Client satisfaction
- Corporate governance
- Dialogue with the stakeholders
- Digitalisation
- Employment conditions
- Energy management
- Environmental management
- Equal treatment of women and men
- Material use
- Promotion of environmentally friendly technologies & products
- Risk and opportunity management
- Societal engagement
- Sustainability in the supply chain
- Sustainable building
- Waste management and recycling
- Water
- Work safety and health

Detailed information on the dialogue with stakeholders and how we select the most relevant topics, manage our projects, which measures we are initiating, how we determine their efficacy, and how we organise ourselves for these tasks can be found at www.strabag.com > Strategy. In order to present the complex aspects of sustainability more quickly and in an up-to-date fashion, our **reporting** has been mostly **online** for several years now. Here, too, we have applied the system laid out in our strategic approach in accordance with the GRI.

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

GRI-INDEX

	Standard disclosures	Page number in the Annual Report 2015	More information is available on the website
	Strategy and Analysis		
G4-1	Statement from the most senior decision-maker of the organisation	8–11; 27	
	Organisational profil		
G4-3	Name of the organisation	Imprint	
G4-4	Primary brands, products, and services	12f.; 103–104	www.strabag.com > Activities www.strabag.com > STRABAG SE > Our Brands
G4-5	Location of the organisation's headquarters	Imprint	
G4-6	Countries where the organisation operates	13	www.strabag.com > Locations
G4-7	Nature of ownership and legal form	23f.; 71f.	www.strabag.com > Investor Relations > Share
G4-8	Important markets served	13; 80	
G4-9	Scale of the organisation	Cover; 12	
G4-10	Detailed employment information	30f.	
G4-11	Percentage of total employees covered by collective bargaining agreements	30f.	
G4-12	Description of the organisation's supply chain		www.strabag.com > Strategy > Supply Chain
G4-13	Significant changes during the reporting period	8–11; 71; 76–79	
G4-14	Precautionary approach or principle	27; 58f.	www.strabag.com > Strategy > Strategic Approach > Ecological Responsibility
G4-15	Externally developed charters, principles, or other initiatives endorsed by the organisation		www.strabag.com > Strategy > Strategic Approach
G4-16	Memberships of the organisation		www.strabag.com > Strategy > (Download)
	Identified material aspects and boundaries		
G4-17	Consolidated companies and equity-accounted investments	132–144	
G4-18	Process for defining the report content	4–5	www.strabag.com > Strategy > Stakeholder Engagement
G4-19	Material aspects	4–5	
G4-20	Aspect boundary within the organisation	4–5	
G4-21	Aspect boundary outside the organisation	4–5	
G4-22	Restatements of information provided in previous reports	4–5	
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries	4–5	
	Stakeholder engagement		
G4-24	Stakeholder groups engaged by the organisation		www.strabag.com > Strategy > Stakeholder Engagement
G4-25	Identification and selection of stakeholders		www.strabag.com > Strategy > Stakeholder Engagement
G4-26	Approach to stakeholder engagement		www.strabag.com > Strategy > Stakeholder Engagement
G4-27	Key topics and concerns that have been raised through stakeholder engagement	4–5	www.strabag.com > Strategy > Stakeholder Engagement

		Page number in the Annual Report 2015	More information is available on the website
	Report profile		
G4-28	Reporting period	4–5	
G4-29	Recent previous report	4–5	
G4-30	Reporting cycle	4–5	
G4-31	Contact point for questions regarding the report	75	www.strabag.com > Investor Relations > IR Contact & Service
G4-32	GRI Content Index	6–7	www.strabag.com > Strategy > Strategic Approach > CR Reporting
G4-33	Scope of the external assurance	4–5; 188	
	Governance		
G4-34	Governance structure of the organisation, including committees of the highest governance body	23–24; 38–48	www.strabag.com > Strategy > Strategic Approach > Corporate Responsibility Management
	Ethics and integrity		
G4-56	Organisation's values, principles, standards and norms of behaviour	12; 38; 113	www.strabag.com > STRABAG SE > Vision and Guiding Principles www.strabag.com > Strategy > Strategic Approach > Business Compliance
	Specific standard disclosures		
	The specific standard disclosures will be reported in the 2016 Annual Report when the analysis of the material aspects has been concluded.		

CEO'S REVIEW

Dear shareholders, associates and friends of STRABAG SE,

A building doesn't get built overnight. It happens step by step, through the continuous commitment of all involved. The same is true for our strategy: Following our guiding principles – with partnership as a core value – we are hard at work every day to earn our place among the ranks of Europe's leading construction and technology companies. In order to stay competitive, time and again we must show what we are capable of while striving for constant improvement.

A decisive topic, and one that will assist us in this regard in the future, is the **digitalisation** of the construction process. We are working on the further development of Building Information Modelling (BIM.5D®). The digital-based way of working helps us to design, build and operate structures more efficiently. In transportation infrastructures, on the other hand, it is necessary to link data in order to process construction sites as logistically perfect as possible. Whatever the application, digitalisation will affect all of our segments.

Come change your perspective with us! In this year's Annual Report, you will find not only the usual review on the past year but also an outlook on what the future of construction could look like. Discover the new dimension that digitalisation has to offer. BIM.5D® not only illustrates buildings in 3D models, it also adds further dimensions to the design, for example information pertaining to materials and quantities and to project scheduling. This makes BIM.5D® more than just a software or a tool. It implies a completely new, holistic way of approaching construction projects.

What does this mean …

… for our **clients**? BIM.5D® offers an as-real-as-possible depiction of the building along with transparent scheduling and cost planning even before actual construction starts. Moreover, we will be able to give clients all the information on their building when the project is finished so that they can use this knowledge in subsequent lifecycle phases such as facility management.

… for our **employees**? BIM.5D® will present them with new career and training opportunities. This does not mean that computers will replace jobs. What BIM.5D® offers to our employees is a set of tools to help them manage construction processes more smoothly and to better address the client demands.

… and last but not least for **shareholders** of our company? BIM.5D® gives us an important instrument to help us raise our margins. Regular consistency reviews of the designs can help us to identify and eliminate errors at an early stage in the process. This reduces risks in a construction project – risks whose origins often lie in the design phase. Over the course of the coming years, we therefore plan to invest a double-digit million euro amount in software development and employee training.

Digitalisation not only holds advantages for our different stakeholder groups; it should also help the company reach its targets, like maintaining an EBIT margin of 3 % on the revenue. In 2015, we came one step closer to attaining this goal. And in the **year 2016**, our EBIT margin should reach **3 %** for the first time. For the time being, it is our aim to ensure this margin sustainably for several years before we make any further prognosis. As our group is diversified by segment and by geographical region, it is not necessary for the economy to improve in each of the individual countries in which we do business. Instead, we make sure to consistently optimise our structures and processes. As a starting point, we are working in parallel on two issues within the company itself: risk management and the “STRABAG 2013ff” task force.

To strengthen our **risk management**, we established a new organisational unit in 2014. The team in charge of this task is working on further developing the risk management system. The performance of one large project in the construction sector has the potential to significantly influence the performance of the group as a whole. The aim of our risk management is to support the operating units in reducing the number of projects which do not go according to plan – and to do so constantly and continuously. We want to exclude projects with an unattractive opportunity/risk profile as much as possible and as early as possible during the selection phase. The risk management unit analyses the causes behind positive and negative outcomes of construction projects in order to derive valuable lessons learned and share these with the group.

Our financial figures for 2015:

€ 14.3 bn.

Output volume up 5 %

+ 21 %

EBIT up from € 282 million to € 341 million

€ 0.65

30 % higher dividend proposed

THE MOST IMPORTANT FACTS
FOR OUR SHAREHOLDERS

Share price of STRABAG SE on 31 December 2015	**€ 23.58**
Dividend per share	**€ 0.65**
Earnings per share	**€ 1.52**
Dividend yield	**2.8 %**
Ex-dividend date	**17 June 2016**
Payment date for dividend	**21 June 2016**
Annual General Meeting	**10 June 2016**

The **"STRABAG 2013ff" task force**, on the other hand, is focused on raising cost awareness within the group. The members of the task force have so far travelled to Hungary, Switzerland, Germany, Poland, Austria, Slovenia, Croatia, Bosnia-Herzegovina, Serbia, Montenegro, Albania, Bulgaria, Romania, Moldova, Denmark and Benelux to speak with the local management and to visit construction sites and local offices before presenting their final analysis documents. The measures decided by the Management Board regarding the organisational positioning are being implemented in an ongoing process. In some countries, for example, management levels are being concentrated, offices merged and cooperation intensified across segment boundaries.

These two initiatives again provided results in the **year 2015** and allow us to set reliable targets for 2016:

- **Higher output volume – target in 2016: Maintain high level**
- **Lower order backlog – target in 2016: Increased risk management, put profitability before revenue**
- **EBIT margin up again – target in 2016: 3% margin EBIT/revenue**
- **Net income after minorities and earnings per share significantly higher – target in 2016: Continue to increase net income after minorities, partly in response to inapplicable minority interest**

"Digitalisation not only holds advantages for our different stakeholder groups; it should also help the company reach its targets, like maintaining an EBIT margin of 3 % on the revenue. In 2015, we came one step closer to attaining this goal."

Thomas Birtel, CEO of STRABAG SE

The output volume, like the revenue, grew by 5 % in 2015. The earnings before interest and taxes (EBIT) even increased by 21 % to € 341.04 million, which corresponds to an EBIT margin of 2.6 % and so is fully in keeping with our forecasts. The trend in the last couple of years shows that we are on a steady path towards achieving our goal of a 3 % EBIT margin in 2016. The net income after minorities and the earnings per share – the latter stood at € 1.52 – also registered double-digit growth.

Higher earnings naturally mean that our shareholders might expect a higher **dividend**. The members of the Management Board will therefore propose to the Annual General Meeting on 10 June 2016 a dividend of € 0.65 per share after € 0.50 in the year before. The dividend payout ratio of 43 % is thus within the range of 30–50 % of the net income after minorities as defined by our dividend policy. The dividend yield stands at 2.8 % in relation to the share price at 31 December 2015.

The **STRABAG SE share** on the Vienna Stock Exchange responded to the promises that were kept in 2015 with a plus of 30 %, surpassing not only the performance of the blue chip ATX index (+11 %) but also that of the construction industry index STOXX Europe 600 Construction & Materials (+ 16 %).

Long-term earnings growth is a key factor that we, the Management Board team, can contribute in order to help boost the STRABAG SE share. To help ensure that everyone works toward this goal, the management and certain members of the staff are given a fair share of the earnings in the form of bonuses and profit percentages.

Besides the risk management and the task force, our earnings are also influenced by our strong balance sheet, which puts us in a position to respond quickly and flexibly to opportunities on the market – e.g. to tenders for public-private partnership projects. This makes it so important to us to maintain our **financial strength**: The equity ratio again approached a level of 31 %; and we expanded our net cash position from € 249.11 million to € 1,094.48 million at the end of 2015. Both of these figures contributed to the decision by Standard & Poor's to raise our investment grade rating one level from BBB- to BBB (stable outlook) in June 2015. The bond issue of January 2015 is proof that the rating affords us a competitive advantage, because it allows us to finance at relatively affordable conditions: we issued the € 200 million seven-year bond with a coupon of 1.625 %.

Additionally, our strong capital and cash position gives us the necessary **flexibility** to seize opportunities when they arise. Here a recent example: the acquisition of the minority interest in Ed. Züblin AG, concluded in April of this year.

A functioning working relationship between people remains an important criterion for competing in the construction industry. For this reason, my Management Board colleagues and I thank you, our honoured shareholders, for the trust which you place in us in order to make such flexible action possible. We also wish to thank each and every one of our 73,000 employees for their hard work and dedication, as well as our partner companies for a working relationship that is characterised by reliability and respect.

You may all rest assured that STRABAG will continue to work on its competitiveness in its core business – and we look forward to having you join us along the way. Our vision of this path is outlined for you in this Annual Report.

Yours,

Thomas Birtel

Thomas Birtel
CEO of STRABAG SE

THE STRABAG GROUP AT A GLANCE

- OUR BUSINESS: INTEGRATE SERVICES ALONG THE CONSTRUCTION VALUE CHAIN AND ASSUME RESPONSIBILITY FOR THEM
- OUTPUT VOLUME OF € 14.3 BILLION IN 2015
- BUSINESS IN FOUR OPERATING SEGMENTS: NORTH + WEST (44 % OF THE GROUP OUTPUT VOLUME), SOUTH + EAST (32 %), INTERNATIONAL + SPECIAL DIVISIONS (23 %) AND OTHER (1 %)

Our mission statement and guiding principles

73,000 employees

Output volume of € 14.3 billion

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

Thanks to the hard work and dedication of our 73,000 employees, we are one of the few companies capable of offering services along the entire construction value chain – from design to planning, from construction to property and facility services, from operation all the way to demolition. In this way, we generate an annual output volume of about € 14 billion. At the same time, a dense network of numerous subsidiaries in many European countries and, increasingly, on other continents is helping to expand our area of operation far beyond the borders of Austria and Germany. This broad diversification puts us in a position to build cost- and resource-effectively.

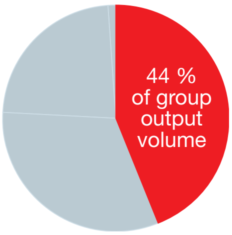
We keep our mission statement in mind when planning our future and distributing our resources – such as financial means or employee capacities – within the company. Moreover, we let the following principles guide us in all of our considerations:

Commitment
Trust
Reliability
Respect
Partnership
Solidarity
Sustainability
Modesty
Innovative spirit

How we see these values in detail > www.strabag.com

Four segments

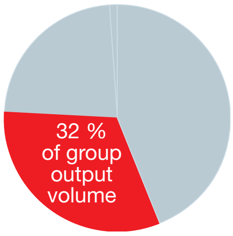
We provide our services in four operating segments:



NORTH + WEST

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

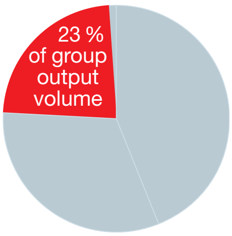
	2015	2014
Revenue (€ mln.)	5,895.10	5,719.12
EBIT (€ mln.)	105.17	28.67
EBIT margin (%)	1.8	0.5
Employees	22,421	23,123



SOUTH + EAST

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

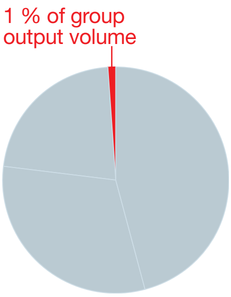
	2015	2014
Revenue (€ mln.)	4,412.35	3,996.96
EBIT (€ mln.)	197.05	168.63
EBIT margin (%)	4.5	4.2
Employees	18,043	18,769



INTERNATIONAL + SPECIAL DIVISIONS

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

	2015	2014
Revenue (€ mln.)	2,790.88	2,738.44
EBIT (€ mln.)	46.79	92.18
EBIT margin (%)	1.7	3.4
Employees	27,077	25,309



OTHER

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

	2015	2014
Revenue (€ mln.)	25.15	21.15
EBIT (€ mln.)	0.22	0.35
EBIT margin (%)	0.9	1.7
Employees	5,774	5,705

STRABAG
TEAMS WORK.

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

STRATEGY

- SIX STRATEGIC FIELDS: ECONOMIC RESPONSIBILITY, ECOLOGICAL RESPONSIBILITY, CORPORATE CITIZENSHIP, PEOPLE & WORKPLACE, CORPORATE GOVERNANCE, BUSINESS COMPLIANCE
- ECONOMIC GROWTH AND PUBLIC SPENDING INFLUENCE OUR BUSINESS
- FIVE STRATEGIC PRIORITIES: STAYING DIVERSIFIED, MAINTAINING FINANCIAL STRENGTH, STRENGTHENING THE RISK AND OPPORTUNITY MANAGEMENT, SHOWING FLEXIBILITY, OFFERING SUSTAINABILITY
- ONE STEP CLOSER TO THE TARGET OF ACHIEVING AN EBIT MARGIN OF 3 % BY 2016

Our strategic approach

We operate across Europe as well as on other continents and offer services along the entire construction value chain. The consequences from our business activities, therefore, are many. It is our intention to assume responsibility for these consequences. To help us succeed, the concept of entrepreneurial responsibility forms an integral part of our corporate strategy: for us, responsibility is strategic.

Doing business responsibly means, on the one hand, that we work within our defined values such as partnership. But assuming responsibility also means giving balanced consideration to the increasingly complex demands placed on our core business. These demands include, for example, aspects of labour law in our supply chain or standards regarding the environment, and are placed upon us from many different sides: from non-governmental organisations, from our investors, or from an increasingly sensitised clientele – in particular in our markets in Western and Northern Europe.

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

How we measure our strategy's success, p. 28

These strategic fields are closely linked. As part of our energy management we strive to protect resources (Ecological Responsibility) and save costs (Economic Responsibility). We train our employees to understand the results of and measures against corruption (Business Compliance), but also to increase their methodological and professional skills (People & Workplace). The tight mesh of these fields shows quite clearly that close cooperation is necessary across the various group organisations and with our external partners in order to successfully deal with these tasks.

We also use this strategic approach as a framework for structuring our **reporting**: For each strategic field, we have defined core themes that we consider decisive for our competitiveness and our future and which form the focus on our way toward sustainable growth. In each field, we report on the most important core themes, explain why we consider them to be **relevant** and clarify the strategic importance that they have for the STRABAG Group.

Factors influencing the business model of construction

Investment story: three trends that make the construction sector attractive.

Construction can be described as a sustainable industry in itself, as the buildings and structures are made for use over a very long period of time. It seems reasonable to conclude, therefore, that the industry would be of interest to long-term investors; after all, the fundamental demand for construction is unlikely to dry up. But you don't need to have centuries in mind for an investment in construction to pay off – the following three trends make the construction sector an attractive option for the current decade:

Trend 1 – Urbanisation: By the year 2050, some 66 % of the world's population will live in cities – this represents an increase of the urban population by 2.5 billion people. Accompanying this growth is a higher demand for infrastructure. In our home market of Germany, for example, the 2012 report by the Daehre Commission notes that more than € 2.6 billion of additional investments will be needed annually over a period of 15 years for the modernisation and expansion of the transportation network.

Ecological Responsibility

Trend 2 – Energy efficiency: The European Union wants to cut its greenhouse gas emissions by the year 2030 to 40 % below 1990 levels and is aiming at a reduction of 80–95 % by the year 2050. For this reason, among others, clients are increasingly demanding that existing buildings be adapted with a view toward higher energy efficiency and lower levels of emission during operation.

Trend 3 – Financial environment: The historically low interest rates and an extremely volatile financial environment make real estate an attractive investment for several investor groups – a situation we are currently observing to a great degree in our largest market of Germany. Moreover, low interest rates are facilitating the financing of project developments.

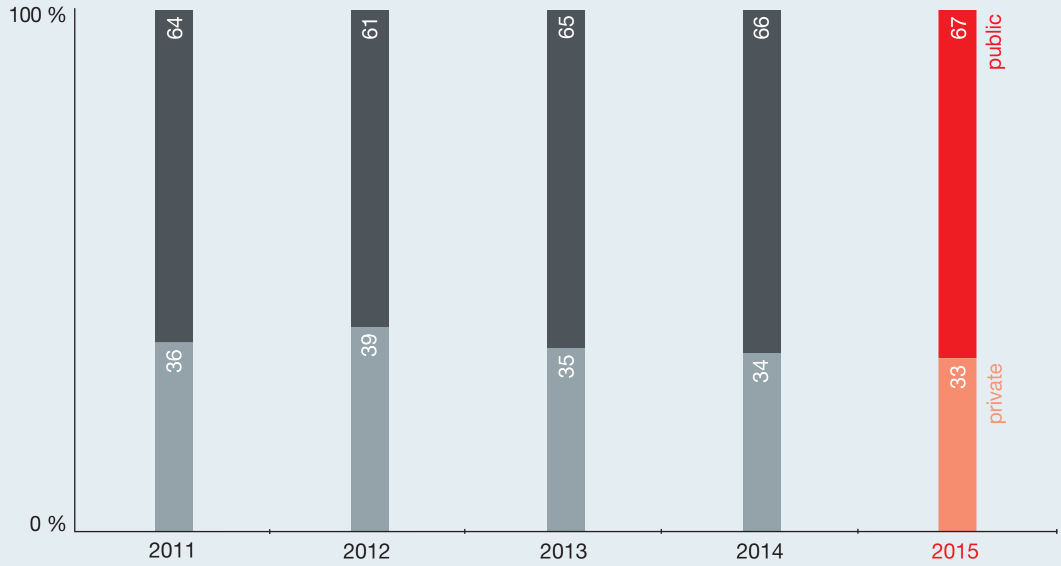
These three large trends are thus decisive for the attractiveness of the sector. But what is decisive in determining which company is awarded a contract? What do building clients look for in this regard?

Here it is important to make a distinction between the public and the private sector: while price is still mostly the decisive criterion for public-sector clients, private clients often look for the best offer – and this need not always be the lowest bid. The costs over the entire life cycle, including the operating costs, are also taken into consideration. Additional criteria play a role as well. As every building is unique, clients must be able to trust the abilities of the construction company. This trust is established through references, among other things. During tender processes, we are often asked about comparable projects that we have successfully completed in the past. Just as important are the experience and the know-how of the staff of the bidding construction company, the technical characteristics of the bid, and the existence of innovative solutions which may save the client money and time.

In the public sector, there have recently been increasing calls for the introduction of a **best bidder principle**. This principle entails public-sector contracts not being automatically awarded to the company with the lowest monetary bid, but also taking social, environmental and sustainability criteria into account. The STRABAG Group supports this principle, an initiative that is being driven by the trade unions and other organisations. From an overall perspective, the best bidder principle is better for the population and for the national economy than choosing what at first glance appears to be lowest bid. On the one hand, it is a way of securing local jobs. On the other hand, the building costs after the actual construction phase must also be taken into consideration – best bids include these costs in their cost estimate so as to minimise expenses over a building's full life cycle. A new EU directive for public-sector contracts makes it easier to award contracts based on best bidder criteria. But public-sector clients already have the possibility today to consider not only the price but also aspects of quality and sustainability in their contract award and they are already doing so in several of our core markets.

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

CLIENT STRUCTURE



Public-sector clients such as state agencies or local governments make up our largest client segment. These are followed by the private clients – e.g. project developers and industrial companies. The exact proportion varies depending on the economic situation. As we hold a strong market position in the public-sector-dominated transportation infrastructures landscape in Poland, Hungary and Slovakia, large tenders in these countries have an influence on our client structure.

Five strategic priorities

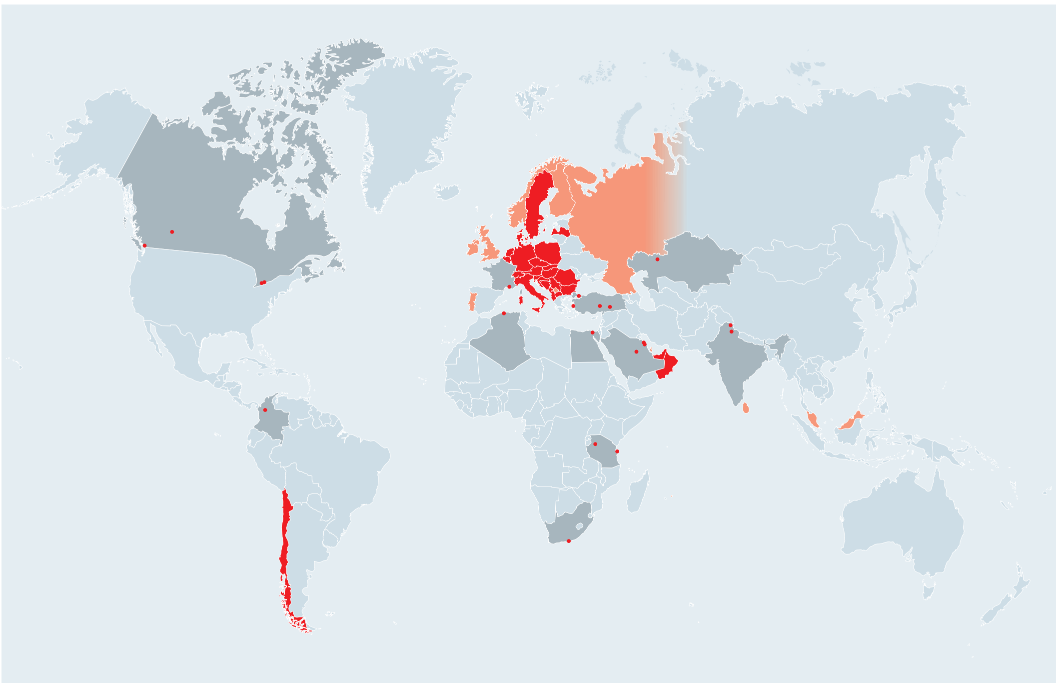
#1 – STAYING DIVERSIFIED

The various forces driving the construction industry and its subsectors advise a strategy that is built on diversity. This diversity can be seen in our employees but also in the regions and segments in which we operate.

We therefore see ourselves as a European-based group that offers a broad range of construction services internationally. Selective diversification brings a number of advantages. For one, it allows us to respond quickly to opportunities in different markets. Also, the existing country network helps us in our expansion, allowing us to deploy large equipment to different regions and to pass on know-how and technologies to the local management so they are of benefit there. Moreover, we spread our risk by not concentrating our business on just a few countries (see graph "Total construction output by country", page 19).

Firmly established in our home markets of Austria and Germany – which account for 58 % of our output –, we generate an additional 26 % of our business in Central and Eastern Europe and another 10 % in other European countries. We are also active outside of Europe in projects requiring a high degree of technological know-how, currently in places such as Chile, Canada or the Middle East. We handle these international markets – they account for 6 % of our output volume – mostly as part of the direct export business.

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



region-wide presence

project business; in Russia, the STRABAG Group operates exclusively in the western part of the country.

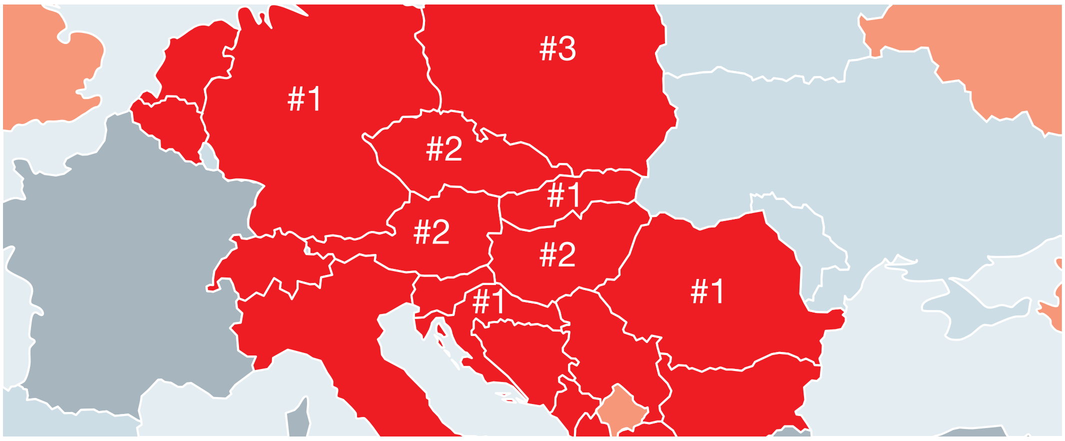
single projects

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

More information about the market shares is available in the country report.

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

STRONG MARKET POSITIONS



region-wide presence

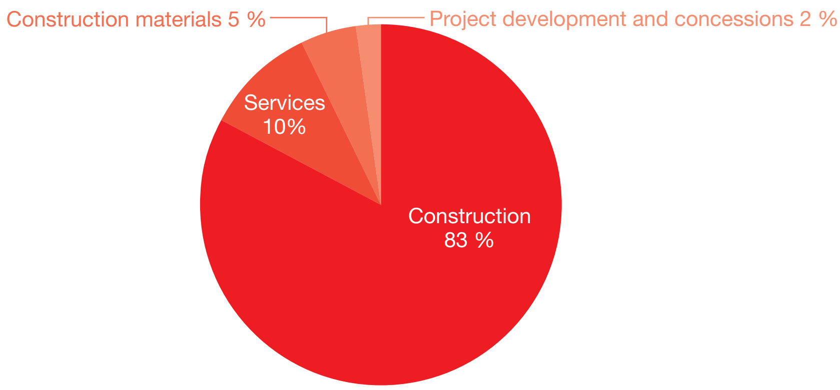
project business; in Russia, the STRABAG Group operates exclusively in the western part of the country.

single projects

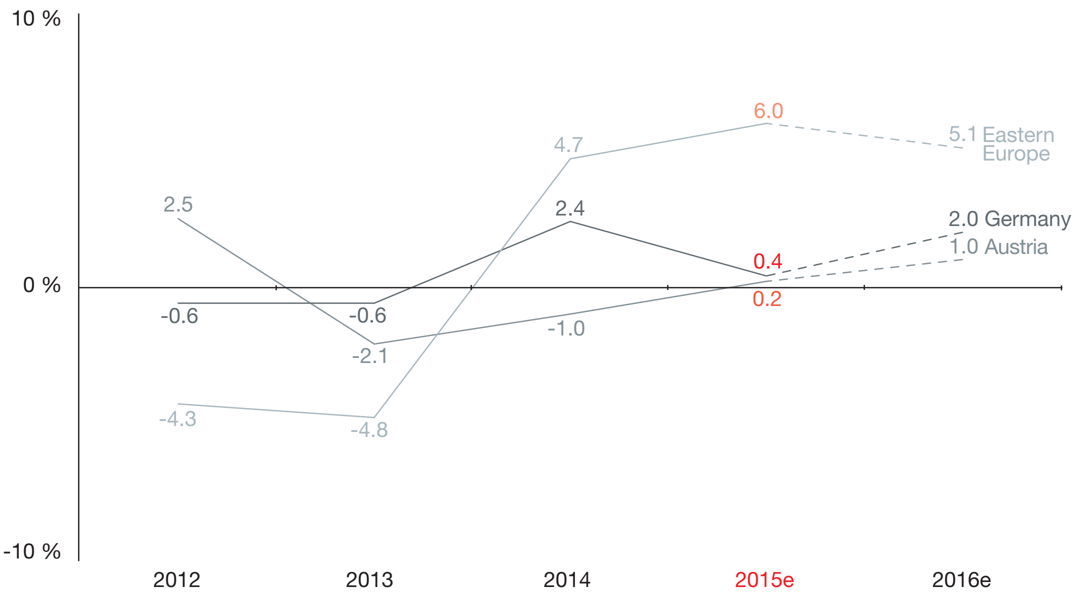
More information on our activities in the various segments is available in our segment report

In addition to diversifying geographically, we also try to offer services along the entire construction value chain and in different **construction segments**. After all, the construction industry does not follow just one cycle; each segment – differentiated in part by the type of client – follows its own. In economically difficult times, for example, the public sector invests more in infrastructure as a way of stimulating the economy, and the transportation infrastructures segment booms. Lower interest rates, on the other hand, are of benefit especially in building construction and civil engineering. The diversification in different construction segments thus reduces risk, and the extension of the value chain balances out cyclical and seasonal effects by trend. This is why we have expanded our range of services in recent years, for example in the field of intelligent transport systems and electronic toll solutions or in the services business, so that today around 83 % of our business comes from construction, 10 % from services, 5 % from the construction materials sector and 2 % from project development and concessions. The output volume from the latter segment is low by nature, however, as it refers only to the management of a project without including its actual construction.

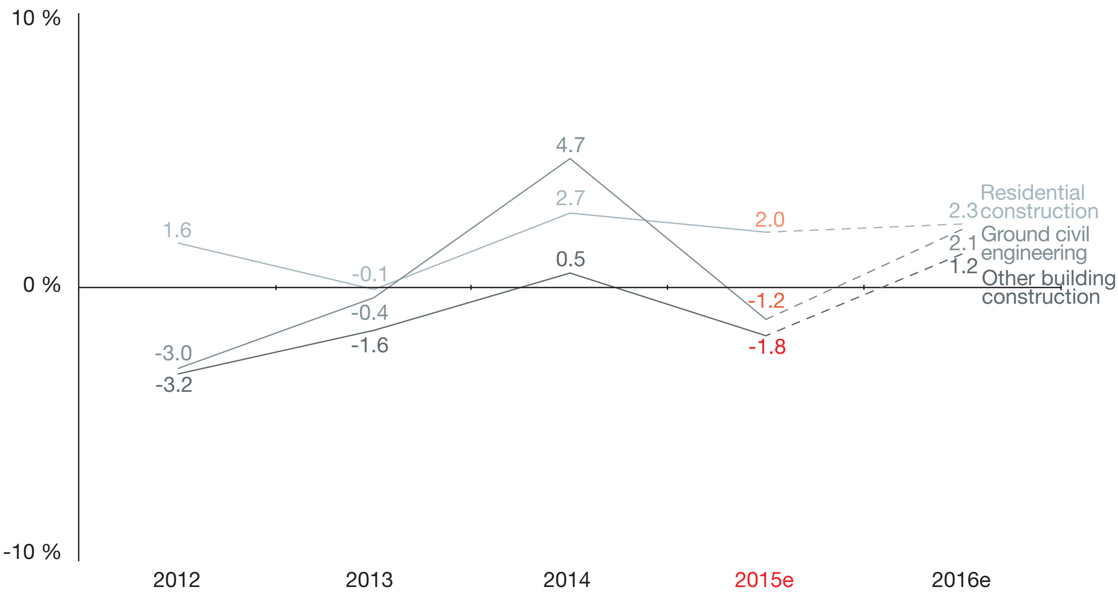
OUTPUT VOLUME BY SEGMENT



TOTAL CONSTRUCTION OUTPUT BY COUNTRY[1]



SUBSECTOR COMPARISON IN GERMANY[1]



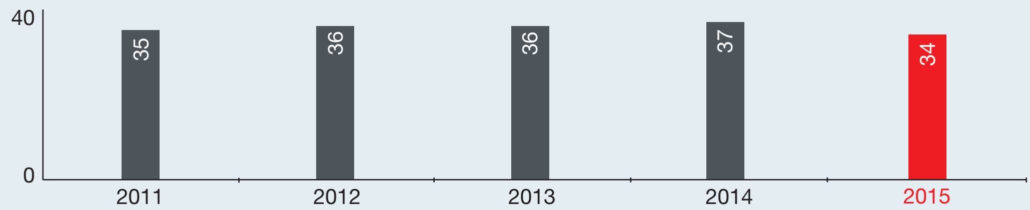
We began to focus on diversification at an early stage – and this strategy has paid off. It is thanks to this strategy that the STRABAG Group has not had to report a drop in output volume and earnings in recent years. Germany, a market which had not been given a lot of hope ten years ago, has for some time now proven itself to be a stable revenue provider. Investors are apparently seeking refuge in real estate, as other investment options involve high risk without being very lucrative. Especially in economically difficult times, it is important not to depend on just a few specific markets.

But we are not the only ones who benefit from our broad geographic presence and diversification in different construction segments; our clients profit as well, as they can expect the same quality from STRABAG-executed works at all of their sites. Partnership arrangements such as our "teamconcept" and the single-source execution of all works – from planning to construction all the way to a building's operation – reduce redundancies and simplify the process so projects are completed quickly and smoothly.

1) Source: Euroconstruct, winter 2015

PUBLIC-PRIVATE PARTNERSHIPS AS PART OF A DIVERSIFIED SERVICE PORTFOLIO

NUMBER OF PPP PROJECTS IN THE GROUP



>€ 10 billion
total investment volume

€ 370 million
equity invested

We have been working successfully with operator models for more than two decades. In the areas of building construction and infrastructure, the portfolio comprises 34 public-private partnership (PPP) projects with a total investment volume of € 10.3 billion (2014: € 10.4 billion). Of these, 18 projects are building construction and 16 are infrastructure projects. The project sizes tend to be much larger in the infrastructure sector than in building construction, however, with nearly € 9.7 billion of the **total investment volume** attributable to projects in infrastructure.

In the 2015 financial year, we were awarded in consortium the contract for the **Colombian road construction project Mar 1** with a total investment volume of about € 900 million. The financial close, however, is expected over the course of 2016 at the earliest. This project is therefore not included in the stated data. At the same time, the STRABAG Group parted with three PPP building construction projects. In total, we had a proportionate share of **equity** in the amount of € 370.17 million invested in concession projects at the end of 2015 and had committed a further € 116.57 million for a total of € 486.74 million.

In addition to the more efficient utilisation of resources during a project's life cycle, the driving forces behind PPP projects include the public finance situation and the financing environment. This involves at times conflicting effects: On the one hand, PPP financing widens the public sector's scope of action; on the other hand, a low interest environment reduces the importance of this financing alternative.

Due to the **regular cash flows** in later project phases, institutional investors in particular, such as insurance companies or pension funds, have an interest in making capital available for PPP projects in the long term. Moreover, competitive advantage gives STRABAG good chances in the PPP business: our strong financial position allows us to act as equity provider for concession companies more easily than other companies. Thanks to the inclusion of specialist providers from within the group, such as STRABAG Property and Facility Services, A-WAY, and EFKON, we are in a position to efficiently and completely cover all specifications from structuring to financing and planning all the way to construction and operation. This gives both the client as well as the capital providers a high degree of security regarding contract fulfilment.

Measurement principles

How the individual projects are recognised in the balance sheet depends on the legal definition. An **intangible asset** is recognised if the concession grants the company the right to charge users a usage fee. The **accounts receivable** approach is used if the company has an unconditional contractual right to receive a payment (see Receivables from Concession Arrangements, item 17 in the Notes). Non-recourse debt resulting from these consolidated project companies are considered in the liabilities section of the consolidated balance sheet.

A large portion of the existing PPP projects within the STRABAG Group is handled by associated group companies. These are incorporated into the consolidated financial statements using the **equity method**. The investment in the concession company is therefore recognised with the proportional equity.

We are pleased to say that our portfolio is developing in line with the financing models underlying the projects, which form the basis for measurement according to the DCF method. This underlines the careful and conservative method of our measurement.

Economic Responsibility

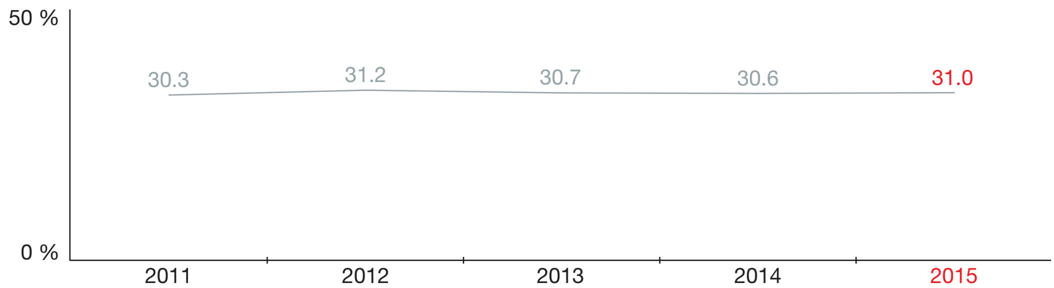
#2 – MAINTAINING FINANCIAL STRENGTH

Equity ratio: 31.0 %

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

This is why maintaining our financial strength is a strategic priority. We see the equity ratio as a suitable figure with which to measure STRABAG's financial stability and strength. We are satisfied with an equity ratio (shareholder equity/total assets) above 25 %. As at 31 December 2015, this figure stood at 31.0 % – despite the own shares held by the company in the amount of 10 % of the share capital, the value of which is deducted from the equity.

DEVELOPMENT OF THE EQUITY RATIO



S&P Rating: up from BBB- to BBB

The financial strength of our company is also evaluated independently: In June 2015, the ratings agency Standard & Poor's (S&P) raised the investment-grade rating for STRABAG SE by one level from BBB- to BBB. The outlook was left at "stable".

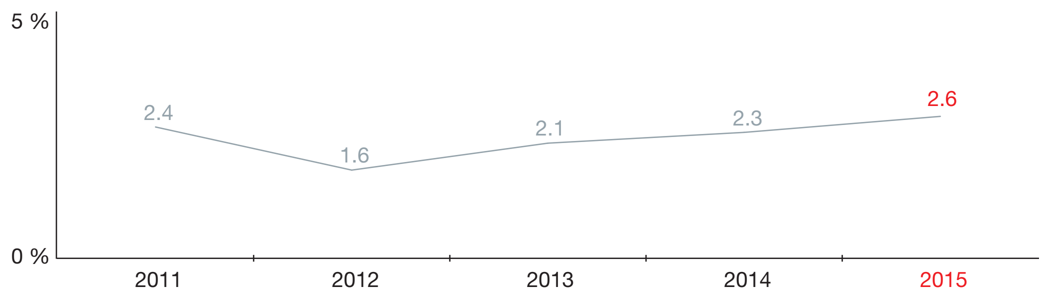
The group's financial strength – expressed in form of a high equity ratio, a net cash position of € 1,094.8 million with a balance sheet total of more than € 10 billion, and the S&P investment grade rating – allows us to ensure the long-term existence of the group and to finance at favourable conditions; at the beginning of 2015, for example, we were able to issue a seven-year € 200 million bond with a coupon of 1.625 %.

#3 – ENHANCING THE RISK AND OPPORTUNITY MANAGEMENT

Risk and opportunity management is part of the daily work at STRABAG. Additional information can therefore be found under "Risk management", "Financing/Treasury" and "Order backlog" in the management report or in the corporate governance report.

Increasing the margins is one of the goals we would like to achieve in the coming years. The margins are especially important for our investors. Given our policy of paying out 30–50 % of the net income after minorities in the form of a dividend, they are particularly interested in seeing results grow.

DEVELOPMENT OF THE EBIT MARGIN



Take a closer look not only at the macroeconomic development, but above all at the risk management system of a construction company!

The macroeconomic development, the significant overcapacities in the highly competitive European construction industry and the accompanying drop-off in prices, but also the consequences from our own mistakes, have prevented the margins from increasing by any noteworthy degree. We remain confident, however, that we will achieve an EBIT margin (EBIT/revenue) of 3.0 % by 2016. An improved market – i.e. the macroeconomic environment – is therefore not necessary.

On the one hand, we are maintaining our focus on **cost efficiency** and the disciplined use of capital. This is at the centre of the work of the internal **"STRABAG 2013ff" task force** that has been evaluating the STRABAG Group's options regarding its organisational and strategic future since mid-2012. The members of the task force have so far travelled to Hungary, Switzerland, Germany, Poland, Austria, Slovenia, Croatia, Bosnia-Herzegovina, Serbia, Montenegro, Albania, Bulgaria, Romania, Moldova, Denmark and Benelux, where they spoke with the local management and visited construction sites and local offices before presenting their final analysis documents. The measures which were decided by the Management Board are being implemented in an ongoing process, which means that expected consequences can be taken into consideration in the financial outlook, but that these are not stated separately.

In addition to cost efficiency, on the other hand, we plan to further strengthen the already tightly knit **risk and opportunity management** in order to increase our margins. Like financial strength, our risk and opportunity management is a competitive advantage that is difficult to copy by the competition – both can only be set up for the long term.

Capital market participants or suppliers who take a closer look at a company in the construction sector usually place great store in the forecasts on the macroeconomic development of the individual markets. Of course, our business is influenced by economic growth and public spending; at least as important, however, is a construction company's risk management! After all, the large number of unique projects translates into an increased risk potential. Keeping this under control requires a focused organisational structure with clearly defined responsibilities and effective instruments for an active risk and opportunity management.

"We have a self-developed management information system that helps us to apply the same standards in all regions in which we operate. That means clear criteria for the assessment of new projects, a standardised process for the submission of bids, and control systems that serve as filters to avoid loss-bringing projects."

Thomas Birtel, CEO of STRABAG SE

Responsibilities for risk management

The organisation and responsibility for risk management is outlined clearly in our group. The identification, analysis, assessment, control and monitoring of risks and opportunities is the **main task of the management** with responsibility at the relevant management level. The risk management and risk monitoring processes incorporate our integrated quality management system, the supportive Central Divisions and Central Staff Divisions, as well as our Internal Audit as a neutral and independent auditing entity.

Strengthening our project-related risk management system

For a consistent, lasting reduction of our flop rate, we must increase the efficiency of our project-related risk management in the long term. The necessary measures and responsibilities have been determined as follows:

Responsibility for the implementation of the project-related risk management system in the divisions was transferred to the commercial division management. The newly established Central Division "Project-Related Risk Management System (RMS)/Organisational Development/International BRVZ Coordination" handles the continuous improvement and development of the risk management system for the procurement and execution of construction projects.

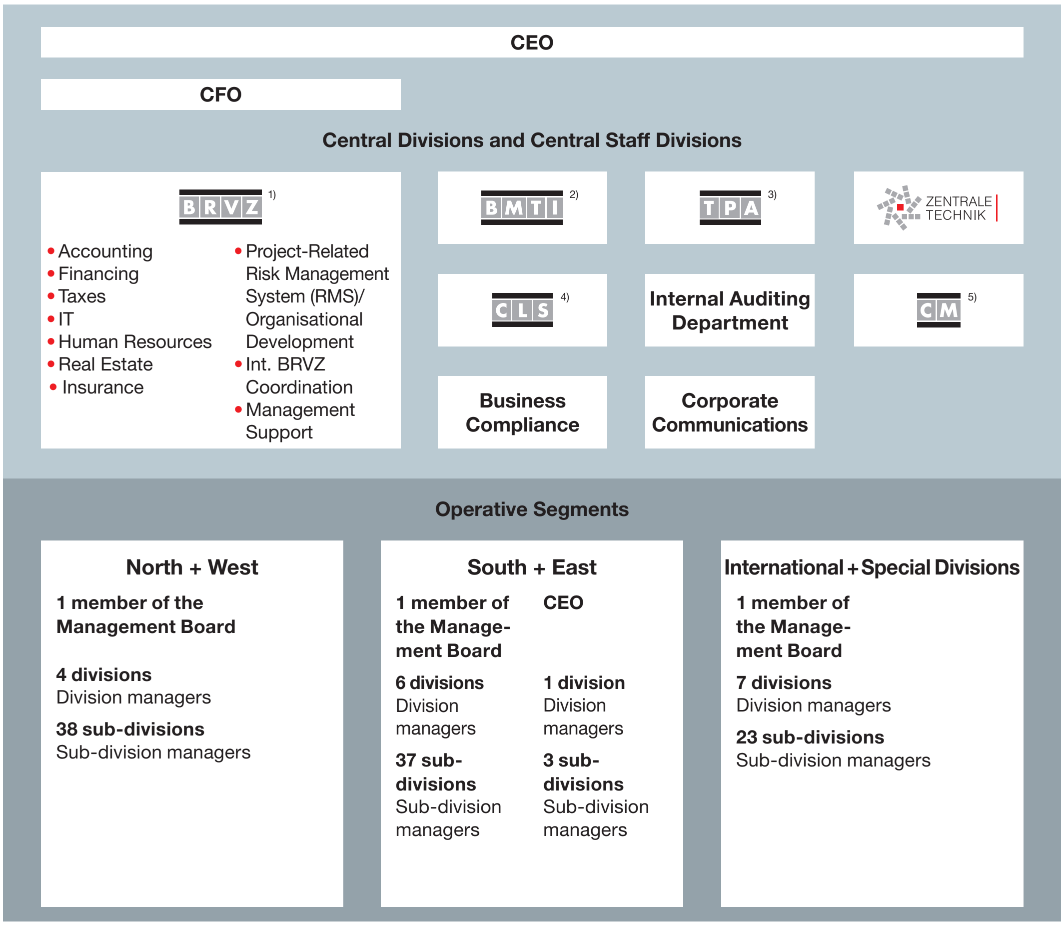
The first proposals for improvements have already been processed and implemented as follows:

- introduction of minimum standards with group-wide validity for the procurement and execution of construction projects (common project standards)
- continuous identification and monitoring of opportunities and risks in the entire system
- improvement and development of the decision-making foundations in the project acquisition and tendering phase to support the decision-making process in final tender meetings or price committees
- implementation and expansion of a periodically filled digital knowledge database with flexible analysis options regarding essential positive and negative earnings causes as well as lessons learned
- derivation of key figures and the development of efficient early-warning systems on the basis of the periodically analysed lessons learned and experiences in order to avoid errors or the repetition of errors

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

Organisational structure with central entities

GROUP STRUCTURE



Last updated: 1 January 2016

1) BRVZ Bau-, Rechen- und Verwaltungszentrum, 2) BMTI Baumaschinentechnik International,
3) TPA Gesellschaft für Qualitätssicherung und Innovation, 4) CLS Construction Legal Services, 5) Contract Management

The management of the risks and opportunities receives significant support from the group's organisational structure. The uniformity of the organisation creates economies of scale and results in efficient controlling and reporting. Under the roof of the parent company STRABAG SE, a number of legally independent subsidiaries are active in their respective national markets. The top level of organisation are the segments North + West, South + East, International + Special Divisions and Other (this segment comprises the Central Divisions and the Central Staff Divisions), each of which is headed by at least one member of the Management Board.

The STRABAG SE **Management Board** is the group's top management body. It is responsible for maintaining its financial balance, and determines its strategic goals. The Management Board regularly discusses matters of corporate responsibility and sustainability. During the execution of these tasks, the Management Board is supported by the **divisions** as well as by the Central Divisions and Central Staff Divisions (service companies).

The division managers coordinate and steer their sub-divisions and report directly to the member of the Management Board responsible for their division. They manage their business independently and on their own responsibility within the framework of the group's business policy. It is their responsibility to reach the objectives laid out in the strategic and operative planning and to realise the specified individual measures.

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

The **Central Divisions** handle the group's internal services in the areas of accounting, taxes, finances, IT, human resources, real estate, insurances, technical development and review, construction equipment management, quality management, process management, logistics and project-related risk management system and organisational development. As competence centres, they support the operating units so these can concentrate on the core business and deliver their services to the clients in an efficient manner. The **Central Staff Divisions** are responsible for legal matters, contract management, internal audit and communications and report directly to the CEO.

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

Project selection and internal price committees

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

Management information system

Our management information system gives us an up-to-date overview of the financial status of all our projects with data that can be compared from country to country. Evaluations are analysed by the respective management and members of the STRABAG SE Management Board at regular intervals.

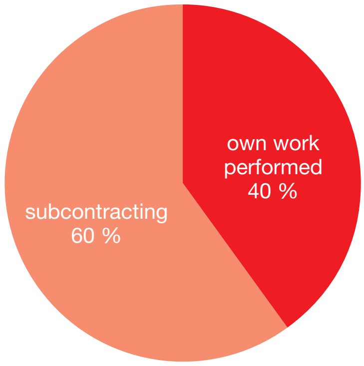
Digitalisation brings new tools to reduce risks in construction

The new tools being used in BIM.5D® processes facilitate a regular consistency review of the construction designs. This can help uncover and correct errors at an early stage, thus minimising the risks in a construction project, the roots of which are often found in the design phase.

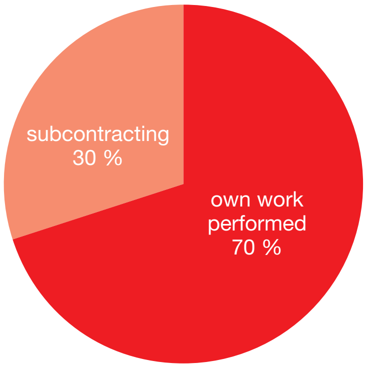
#4 – SHOWING FLEXIBILITY

Our flexibility, which helps us to respond quickly to changes on the market, is an important competitive advantage. This flexibility is nourished by our financial strength as well as by the possibility of serving markets outside of Europe and – depending on the market environment – of being able to pass on specific works to subcontractors. As one way of ensuring this flexibility, we are working on expanding our geographic presence in non-European countries in order to become less dependent on individual markets.

SUBCONTRACTING BUILDING CONSTRUCTION AND CIVIL ENGINEERING



SUBCONTRACTING TRANSPORTATION INFRASTRUCTURES



Economic Responsibility

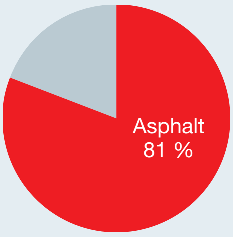
Ecological Responsibility

OWN CONSTRUCTION MATERIALS NETWORK TO INCREASE FLEXIBILITY

Due to our construction materials network, which helps to ensure a supply of resources from within the group, dependence on external suppliers is reduced and we are able to better plan our access to resources. Moreover, approval for new production facilities is granted only to a limited extent in regions in which such facilities already exist; this creates higher **hurdles to market entry** for newcomers.

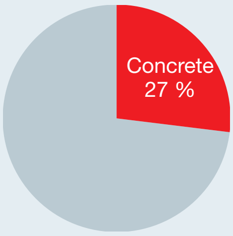
We already possess an extensive resource network that is especially dense in our home markets. With 275 active asphalt mixing plants[1] (2014: 288) we covered 81 % of our group asphalt needs last year compared to 82 % in 2014. In this area, we have for several years already enjoyed an optimal degree of self-sufficiency. In terms of proprietary coverage, the other construction materials also exhibited a stable trend in 2015. With 27 % after 28 %, the supply with concrete from proprietary production remained nearly unchanged with 146 after 149 active concrete mixing plants. The six cement works covered a slightly smaller portion of our need for this material, with 22 % after 27 % in the previous year. In the field of stone/gravel, proprietary coverage was up slightly from 16 % to 17 %. The number of active production sites fell from 171 to 167.

COVERAGE OF CONSTRUCTION MATERIAL NEEDS USING OWN RESOURCES 2015



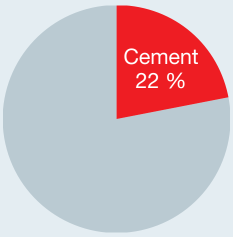
Asphalt

We produced 15.6 million tonnes of asphalt in the past financial year, compared to 16.0 million tonnes in 2014. Most of this amount was produced in Germany, Austria, Poland and the Czech Republic. As in the previous year, about 62 % of the asphalt produced was sold within the group – thereof approximately half to the segment North + West and half to the segment South + East – at the usual market rate; the rest was sold to third parties.



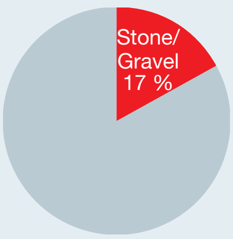
Concrete

The production of concrete in the year 2015 amounted to 3.5 million m^3, compared to 3.3 million m^3 in 2014. More than half of the production took place in Hungary, Austria and the Czech Republic. 35 % of the concrete produced was sold within the group (2014: 37 %).



Cement

We started operations of our first proprietary cement factory in Hungary in September 2011. These cement activities were brought into Lafarge Cement CE Holding GmbH, our joint venture with construction materials manufacturer Lafarge. We hold 30 % of the joint venture, so that it is reported in the consolidated financial statements using the equity method. In addition to the Hungarian site, the company also owns two production facilities in Austria (Mannersdorf and Retznei), amongst others. Thanks to the joint procurement and administration handled by this joint venture, STRABAG benefits from economies of scale and from the know-how of global cement market leader Lafarge. We also hold a minority interest in Slovakia-based cement firm Cemmac a.s.



Stone/Gravel

The STRABAG Group produced around 30.0 million tonnes of stone and gravel in 2015, about the same as in the previous financial year. 28 % of these resources were used by group companies (2014: 27 %)[2].

With the exception of asphalt, where our coverage is already quite high, our aim is to continuously cover more of our construction material needs with own resources. For us, increasing our independence from construction materials suppliers is a priority. In comparison, raising the revenues from construction materials sales to third parties is not an objective per se. Nevertheless, revenues in this area reached about € 569 million (2014: € 584 million).

1) Own facilities and investments

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

#5 – OFFERING SUSTAINABILITY

We build according to our clients' wishes, which means that we basically orient ourselves in line with the requirements of the market. In making our decisions about how we build and design our processes, however, we take into account criteria that go beyond purely economic considerations – as much as is economically feasible. For us, upholding our earnings responsibility toward our shareholders and employees does not stand in opposition to demonstrating environmental awareness and, as a member of society, promoting its prosperity – as it also helps us to **ensure the long-term existence** of our company: We prefer a solid balance sheet and capital structure to short-term results. Our comprehensive, certified energy management system helps us to increase our efficiency, at the same time we lower the CO_2 emissions and achieve cost reductions that are then reflected in the results. We are pursuing long-term, systematic human resource development and have implemented a variety of measures and initiatives to support the occupational health and safety of our employees. We also have an ethics and business compliance system in place with which we are setting standards for ethical behaviour to prevent corruption and cartel risks.

Besides the improvement of our own social and environmental footprint, we possess the necessary expertise to market our products and perform our services in a sustainable manner. Integrating different disciplines over different lifecycle segments is our core competence of a general contractor. As such a general contractor, we are familiar with the entire value creation process and are capable of thinking and planning across lifecycles. This – primarily in cooperation with private clients – gives us the possibility to perpetuate the philosophy of sustainability with the best-possible technical solutions and the early interconnection of all involved.

The decision lies with the client, however. In designing a building, for example, this involves decisions in terms of energetic qualities or the materials used. We welcome the development that quality-oriented clients are not only considering aspects of cost vs. benefit but are also thinking about the environmental impact of a building over its entire lifecycle or the social consequences of hiring a certain bidder according to the best bidder principle. Demand is still low, however. We estimate the number of the **tenders** in which **non-financial aspects** explicitly form part of the performance specifications or tender criteria at under 5 %. But with our team-concept partnership model, for example, we offer the possibility of the early inclusion of all involved in the projects so as to lend more weight to ecological and social aspects. Our focus on an end-to-end approach thus stimulates new, advanced solutions and internal improvement processes and encourages client participation during project design and execution.

How we measure our strategy's success

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

Strategic field	Key figure/Criteria	2015	2014	Target
Economic Responsibility	Equity ratio	31.0 %	30.6 %	≥25 %
	S&P rating	BBB	BBB-	Maintain investment grade rating
	EBIT margin	2.6 %	2.3 %	Reach 3 % by 2016
	Percentage of output volume generated outside of Europe	6 %	6 %	Not least because of the strong decline of the oil price, which has a negative impact on demand from petroleum-exporting countries, a target of 10 % is currently not realistic. We have therefore decided to suspend this target.
	Output growth	5 %	0 %	As in the medium term a limited recovery is being forecast for Europe's construction sector only in selective sub-markets, the output volume is unlikely to grow organically by any considerable amount. The Management Board is therefore concentrating on increasing the margins.
	Dividend	43 % of net income after minorities	40 % of net income after minorities	30–50 % of net income after minorities
People & Workplace	Percentage of women in the company and in management	13.9 % of all employees 8.7 % in management	13.8 % of all employees 8.5 % in management	Grow percentage annually
	Occupational safety	Accident reporting and documenting standardised in the group	Reporting standardised	• Evaluation and bench marking of new key figures in order to derive targeted measures, and establishment of standardised reporting • Expansion of national occupational safety training and awareness-raising measures
Ecological Responsibility	Fuel management	• Efficiency potential of passenger car and commercial vehicles fleet of 3.2 % identified for Germany and Austria • First measures introduced to lower fuel consumption on a trial basis	• Key figures developed for the assessment of the fuel consumption of the passenger car and commercial vehicles fleet	• Analysis of the mobility patterns of the company fleet for possible use of electric mobility • Extension of efficiency-raising measures with regard to fuel consumption to additional group entities
	Energy management system	• Energy management introduced and certified to ISO 50001 for all fully consolidated companies in Austria	• Certification of asphalt facilities and quarries in Germany to ISO 50001	• Introduction and certification to ISO 50001 for all fully consolidated companies in Germany
Corporate Governance	Austrian Code of Corporate Governance (ÖCGK)	Compliance with all C-Rules and R-Rules	Compliance with all C-Rules and R-Rules	Compliance with all C-Rules and R-Rules and transparent reporting thereof
Business Compliance	Ethics training	~95 % of all management employees trained ~90 % of all employees trained	~100 % of all management employees trained ~100 % of all employees trained in 18 countries	~100 % of all management employees trained ~100 % of all employees trained
Corporate Citizenship	Support of social and cultural projects	Long-term support of CONCORDIA Sozialprojekte, Tyrolean Festival Erl, Ensemble:Porcia, STRABAG Kunstforum	Long-term support of CONCORDIA Sozialprojekte, Tyrolean Festival Erl, Ensemble:Porcia, STRABAG Kunstforum	Long-term support of selected initiatives

People & Workplace

PEOPLE & WORKPLACE

- ABOUT 73,000 EMPLOYEES WORLDWIDE
- STRABAG COACHES NEARLY 1,500 TRAINEES AND APPRENTICES
- PERCENTAGE OF WOMEN IN THE GROUP 13.9 %, IN MANAGEMENT 8.7 %

Manifold possibilities

We construct thousands of buildings and structures around the world every year by bringing the right people, materials and equipment together in the right place and at the right time. This would not be possible without teamwork – across geographic boundaries and business units. When our employees take the initiative, assume responsibility and pull together to work as one, the possibilities are manifold – including the possibilities for their future career.

Employee figures

Read more about the promotion of women within the group in the corporate governance report

As a result of the typical winter break in construction, the STRABAG Group is subject to seasonal fluctuations in employee numbers. For this reason, the number of employees – as is usual in the industry – is only stated as an annual average. **73,315 employees** (44,762 blue-collar and 28,553 white-collar) worked for STRABAG in 2015. At first glance, the number of employees appears to have remained unchanged compared to the previous year (2014: 72,906). Yet clear differences could be seen at the country level. The acquisition of Germany- and Austria-based facility services company DIW Group helped to raise staff levels in these countries. Staff levels also grew in the Americas, while this number fell by a similar figure in Africa, namely by 1,000 people.

The company's strong international nature is reflected in the **number of nationalities**. In the 2015 financial year, STRABAG employed people from a total of 88 nations, compared to 85 nationalities in 2014.

During the past financial year, we had 1,195 blue-collar apprentices (2014: 1,070) and 277 white-collar trainees (2014: 295) in **training** with us.

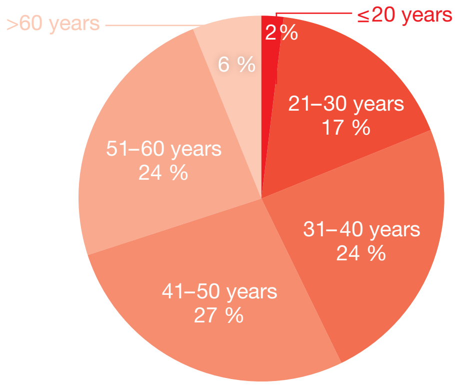
Traditionally, the construction industry employs primarily men. Women are therefore underrepresented at all hierarchy levels. In 2015, the number of women as a percentage of employees within the entire group amounted to 13.9 % after 13.8 % the year before. The group management – i.e. persons with a management position as defined by Section 80 of the Austrian Stock Corporation Act (AktG) – is composed of 8.7 % women (2014: 8.5 %). We have set the goal to annually raise the percentage of women within the group.

NUMBER OF EMPLOYEES 2015 BY SEGMENT AND COUNTRY

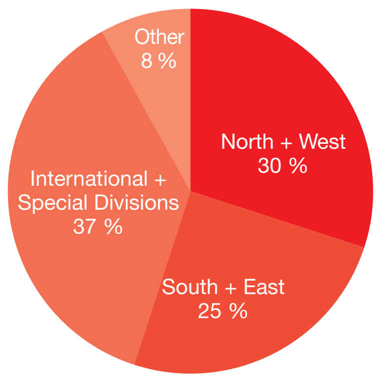
	North + West	South + East	International + Special Divisions	Other	Group
Germany	16,658	581	9,394	2,357	**28,990**
Austria	116	6,827	2,259	1,144	**10,346**
Middle East	191	45	5,747	0	**5,983**
Poland	3,377	42	459	579	**4,457**
Americas	43	4	4,146	1	**4,194**
Czech Republic	1	2,603	732	356	**3,692**
Hungary	1	1,669	749	277	**2,696**
Slovakia	0	1,307	308	203	**1,818**
Russia and Neighbouring Countries	160	878	211	135	**1,384**
Switzerland	85	1,017	93	152	**1,347**
Africa	35	73	1,214	0	**1,322**
Romania	73	818	218	160	**1,269**
Rest of Europe	162	642	119	18	**941**
Asia	1	5	854	0	**860**
Serbia	0	571	39	103	**713**
Benelux	583	2	60	59	**704**
Croatia	0	481	111	101	**693**
Denmark	511	1	3	0	**515**
Sweden	420	9	23	34	**486**
Italy	4	29	290	25	**348**
Bulgaria	0	261	23	56	**340**
Slovenia	0	178	25	14	**217**
Total	**22,421**	**18,043**	**27,077**	**5,774**	**73,315**

Balanced age structure

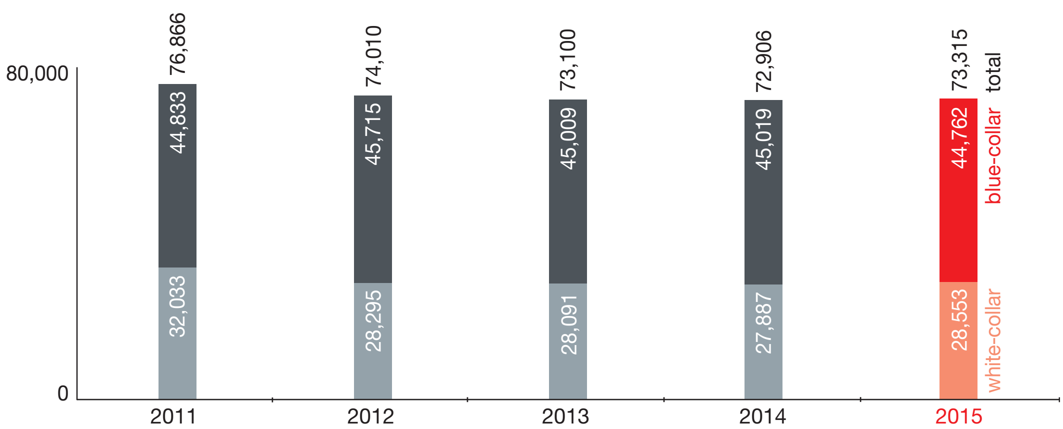
EMPLOYEE AGE STRUCTURE 2015



EMPLOYEES BY SEGMENT 2015



DEVELOPMENT OF EMPLOYEE FIGURE



97 % of our employees are full-time employed, 3 % part-time. 97 % have a permanent contract. Work is continuing on the expansion and more precise specification of the human resource indicators as defined by GRI G4.

Human resource development

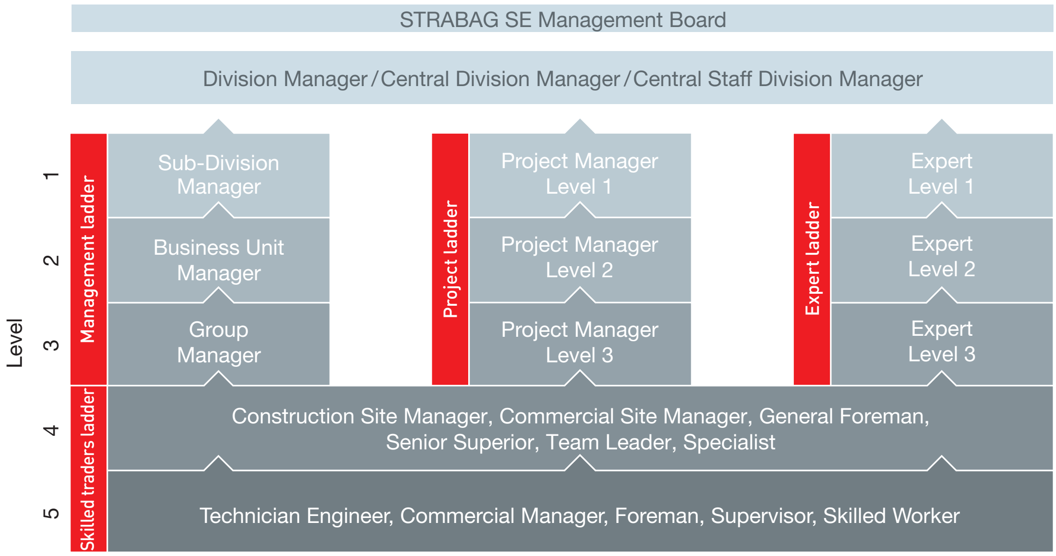
We constantly strive to develop and optimise the professional and personal qualifications of our employees. The construction sector is a human-resource-intensive industry in which the commitment shown by our workers has a significant influence on business success – not least because, in light of shortages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

FINDING, DEVELOPING AND BINDING HIGH POTENTIALS

Systematic potential management, which has been rolled out across the entire group since 2015, has as its objective the development of enough young talents with the best possible qualifications from within our own ranks in order to fill especially key positions internally. Based on the **career model**, internal parameters are applied to identify high-potential employees, provide them with individual support and deploy them in the right positions. Besides the management ladder, which focuses on general management tasks, two other career paths are available: The expert careers are characterised by a high degree of technical expertise in a specialty field. Project managers can fall back on their years of experience in the field of project management and are responsible for complex construction projects.

Individual activities such as a development centre, special training programmes or job rotation schemes are offered to help develop the recognised potential. The goal-oriented recognition and promotion of high-potential employees creates a stronger bond to the group and, in the long term, helps to secure quality, continuity and performance within the group.

CAREER MODELS



More than 1,633 training and further education seminars were offered in 2015

About 16,600 employees attended our seminars

GROUP ACADEMY: WE INVEST IN EDUCATION

The group academy is the central platform for further training and education at STRABAG. This is where our employees can find **specially developed training offers** in the categories of technology, law, business management, IT, personality and leadership. The trainers are internal and external experts who pass on their expertise to the participants. Basis for the individual development planning also is the annual appraisal interview between superiors and employees. The interview participants discuss the achievements of the past year and use this as a basis to derive the main tasks for the future as well as the further goals and development activities. Additionally, all employees have the possibility to make proposals for new training offers using the internal knowledge management tool. They and their managers, regardless of their position, also receive recommendations for a selection of seminar options.

The Group Academy offers regular modular **qualifications** to reinforce and deepen the training of people in key positions:

The versatile project manager

“Die vielseitige Projektleiterin/Der vielseitige Projektleiter” (“The Versatile Project Manager”) is a practical training series for current and future project managers offered in cooperation with the University of Applied Sciences FH Campus Wien. The aim of the course is to provide current and future commercial and technical project managers with comprehensive professional and personal development for the handling of medium-sized and large projects. In six modules, the course participants attend a series of lectures and workshops to elaborate case studies on a variety of different subjects. A written exam must be passed on the content of each module, for which participants will receive a certificate from FH Campus Wien that is recognised by educational institutions throughout Europe.

Successful construction management – practical programme for group leaders

As a way to support the personal career path, the group came up with a training series called “Erfolgreiches Baumanagement” (“Successful Construction Management”) designed especially for current and future group leaders. The aim of the course is the completion of the necessary specialist, leadership and method skills that are required for this position. The lecturers, both internal and external experts, instruct participants in a variety of different modules. This course structure, in combination with interactive elements, ensures the networking among course participants and thus supports the group-wide knowledge exchange.

EDUCATION TO COUNTER THE SHORTAGE OF SKILLED LABOUR

STRABAG is making great investments in the training and education of its **apprentices and trainees**[1)]. For dedicated young people who have completed an apprenticeship, the door to a career at STRABAG is open.

At STRABAG in **Austria**, the following apprenticeship positions are among the most popular: bricklayer, ground engineering specialist, formwork carpenter, paver, electrical engineering technician, metals technician, or agricultural and construction plant mechanic. A special feature of STRABAG’s offer is the possibility for apprentices to attend the group’s own apprentice academy in order to reinforce their skills. Another possibility is the “Lehre mit Matura” (“apprenticeship with A-levels”). In Austria, we offer apprenticeship placement at about 50 locations in all federal states. Just how successful an apprenticeship at STRABAG can be was demonstrated by the STRABAG team, when it won the Austrian National Championship in Concreting and Formwork in 2014 and the WorldSkills world championship in Brazil in 2015.

In **Germany**, STRABAG and its construction plant subsidiary BMTI are pursuing the selective training of its young talents at the Group Training Workshop in Bebra. The focus here is on the commercial and technical fields. In Bebra, our apprentice road workers, ground engineering workers and construction plant operators enjoy top quality vocational training and individual attention. The aim is to secure an efficient knowledge transfer under aspects of quality and time away from the daily working routine.

1) Due to the differences in training systems from country to country, only the situation in the core markets of Austria and Germany can be presented here.

Increase of apprentice and trainee numbers planned in Germany and Austria

In Germany, Austria and Switzerland, a total of 400 (2014: 430) blue-collar apprentices were taken on in 2015. A significant increase of the apprentice and trainee numbers is expected in Germany and in Austria in the years to come. More information about the apprentice professions and work placement positions is available at karriere.strabag.com.

TRAINEE PROGRAMME TO DEVELOP YOUNG TALENTS

97 trainees at work for us

It is our aim to recognise, promote and develop young talents. In the competition for the best employees, STRABAG therefore offers a practical familiarisation programme for selected Bachelor/Master graduates from universities and universities of applied sciences with little professional experience. The aim of the trainee programmes is to best prepare the graduates for the requirements of their future position in the group. As at 31 December 2015, the STRABAG Group had 97 trainees (64 male, 33 female) working for it.

Trainees have their own personal schedule as a way of addressing individual wishes and needs and to offer flexible entry times. The commercial trainee programme lasts between eleven and 13 months, the technical programme varies between twelve and 15 months and both programmes include a period of three months abroad. At the beginning of the programme, trainees meet with a mentor to design the trainee schedule according to the specific professional and personal requirements of the target position. This experienced mentor is available to the trainee throughout the entire training period. Regular feedback interviews help focus on the trainee's individual development.

With instruction from experienced specialists and management employees, the trainees pass through different organisational divisions and are introduced to various areas of business and responsibility. Both the commercial as well as the technical programme include mandatory sessions, for example on the construction site. Specific training activities are used to develop the applicant's personal and professional skills. An individual training schedule is developed for each trainee. In 2015, our trainee programme was again recognised as career-enhancing and fair by the job exchange Absolventa.

Human resource marketing

Apprentice programme in Germany certified by Clevis Praktikantenspiegel and Fair Company Siegel

Only with a positive image and as an attractive employer will the group continue to be able to cover the strongly growing demand for qualified skilled workers and management employees. Graduates of **higher vocational schools** and **universities** are an especially important basis for the next generation of employees. For this reason, the focus of our human resource marketing is on educational institutions. We regularly take part in university and recruitment fairs, organise company tours, advertise in the relevant print and online media, offer internships and work placement, and sponsor bachelor and master theses. The continued roll-out of our mentor programme, in which company managers act as partners for higher technical schools, universities and universities of applied sciences, in countries of relevance for us has increased the number of educational facilities forming part of the programme considerably. In Germany, our apprentice programme was awarded quality certification from two ratings institutes. We also strive to reach our target groups and to maintain a dialogue with them over selected social networks such as kununu.

We are interested in knowing how we are perceived as an employer. For this reason, we follow several different employer ratings and constantly strive to improve our ranking.

The consulting firm Universum ranks us under the top 10 employers in Austria with a 6th place standing. In Germany, the STRABAG brand moved up ten slots to number 25. In 2015, a study commissioned by the publishing house CAREER rated STRABAG as the industry champion in Austria and awarded us “Best Recruiter” certification for quality in recruiting and human resource marketing.

Work safety and health

We have launched a number of initiatives in recent years to help maintain and promote the safety and health of our employees. This helps to guarantee a uniform high standard of safety within the group.

The lost-time accident rate in 2015 – calculated as the number of working hours lost to accidents versus productive working hours – stood at 0.2 % in the group, with 0.3 % among blue-collar and 0.1 % among white-collar workers. The accident incident rate – calculated as the number of accidents at work per 1 million productive working hours and being reported for the first time in 2015 – stood at 17.6 in the group, with 24.5 among blue-collar and 5.6 among white-collar workers[1)].

In the 2014 financial year, we designed and rolled out a set of group-wide guidelines for a new, uniform system guaranteeing the comparability of the reported **occupational accidents**. For this reason, it is not possible to compare the figures from 2015 to those of 2014. Starting with 2016, this standardised reporting will ensure the availability of additional figures related to work safety in order to derive potential for improvement from the data.

The subject of work safety is also an important factor in acquisitions. We begin to set the first measures already during the process of integrating new companies into the group – after all, rapid implementation of the appropriate health and safety measures is the first step toward comprehensive accident prevention. This helps our newly acquired companies find their way around in the STRABAG world and facilitates the exchange of health and safety information across business segments.

Individual measures on the construction site and at the workplace include many special **safety training sessions** conducted ahead of and during the work and construction activity. Prevention experts regularly conduct safety and medical inspections in which employees receive instruction in and are sensitised to issues of work safety. Managers and site supervisors are called upon to pass on the acquired knowledge to their workers, to demand implementation and to instil a motivation for safe and responsible action.

In 2015, a campaign of on-site visits was launched in Germany bringing together work safety experts and occupational physicians. The focus of the campaign was, among other things, on reviewing the ergonomic demands, the use of personal protective gear and improved hygiene.

Throughout the group, we **analyse** past **safety incidents** in order to elaborate country-specific measures to reduce the number of accidents and lost time. For Austria, for example, we launched a safety campaign with twelve points of focus for the years 2016 and 2017 in order to reinforce employee awareness for work safety nationwide. In Germany, these issues are to be conveyed using a calendar treating different safety, health and environmental issues every month.

But educating our own employees is not enough. In 2015, we therefore introduced a series of occupational safety guidelines for our **subcontractors** working in especially important disciplines such as scaffolding.

Healthcare

OCCUPATIONAL MEDICINE HELPS WITH HEALTHCARE MATTERS

Absenteeism due to illness – calculated as the ratio of sick leave days to working days – stood at 5.0 % in the group in 2015, with 6.5 % among blue-collar and 3.6 % among white-collar workers (2014: 4.9 % in the group, 6.5 % blue-collar, 3.2 % white-collar). To reduce this rate as much as possible, we are working together with a team of occupational physicians who conduct health days in branch offices, as well as vaccination campaigns (TBE, tetanus, hepatitis, influenza, travel vaccinations, etc.), check-ups and follow-ups (hearing and vision tests, pulmonary function, etc.) and spinal screenings. In addition, training on proper lifting and carrying is offered on construction sites. Employees are also given the possibility of eye, stress and preventive examinations.

Following conclusion of the legally mandatory psychological stress evaluation in Austria, the results were discussed at the individual group entities and measures were decided to improve

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

work conditions where necessary. In Germany, the evaluation of the psychological stress of our employees was started in 2015 and should be finished in 2016.

WORKPLACE HEALTH MANAGEMENT

The health of all employees is of central importance for us. Our workplace health management (WHM) brings the issue of healthcare into all of our operational decisions and processes. In 2014, the Management Board of STRABAG SE had set itself the goal of systematically and specifically promoting the long-term health of its employees beyond the legal requirements. The company thereupon began to implement WHM, building on measures from the areas of work safety, healthcare protection and ongoing activities of workplace health promotion. To date, WHM has been introduced into eight countries[1) – further countries will follow. The activities aim at improving the working conditions and at strengthening the personal workplace resources of all employees and members of the management. In 2015, for example, an employee survey was launched to analyse the workplace stress of our employees. The survey should be concluded in 2016 and specific measures and activities are to be derived from the results.

A number of different seminars have already been launched in Germany and in Austria, such as “Fit4Work” for company employees or “Success through healthy leadership” for managers and executives. These seminars have so far helped 128 participants to expand their knowledge about a healthy workplace or to learn healthy leadership behaviour. Information is exchanged and employees can interact and communicate with each other via intranet or the internal group platform connect.

In Germany, teams have been established to work on the planning, organisation and implementation of the training offer at the first office locations there. The teams are also available to answer questions on site. Additional on-site teams are set to take up their work in 2016. Besides the training offer at the office locations, the WHM organisation in Germany is also planning to increase its measures for workers on the construction site.

Corporate Citizenship

Employee and social fund

In order to help employees who are experiencing **financial difficulties** through **no fault of their own**, e.g. as a result of accidents, illness, natural disasters, etc., the STRABAG Group set up a private foundation called the “Arbeits- und Sozialfonds” (“Employment and Social Fund”) more than fifteen years ago. When it was established, the foundation was endowed with about € 3.60 million, an amount which by the year 2013 had been raised to about € 10.20 million in response to the rising number of employees. The application for financial assistance can be submitted by the affected employees, by their supervisors or by an employee representative.

Applications are reviewed by the foundation’s board before a socially appropriate decision is made. The board is chaired by an employee representative and consists of four employer and four employee representatives. Financial assistance is granted primarily in the form of monthly payments for an employee’s dependent children, but may also take the form of one-off payments for a specific purpose.

1) Germany, Austria, Switzerland, Czech Republic, Slovakia, Croatia, Hungary, Poland

Corporate Governance & Business Compliance

CORPORATE GOVERNANCE REPORT

- COMMITTED TO THE AUSTRIAN CODE OF CORPORATE GOVERNANCE
- REMUNERATION OF THE MANAGEMENT BOARD UP BECAUSE OF HIGHER VARIABLE COMPONENT
- SIX SUPERVISORY BOARD MEETINGS, TWO MEETINGS OF THE AUDIT COMMITTEE AND ONE MEETING OF THE PRESIDENTIAL AND NOMINATION COMMITTEE IN THE 2015 FINANCIAL YEAR

Commitment to the Austrian Code of Corporate Governance

The Austrian Code of Corporate Governance, in line with international standards, represents a body of rules for good corporate governance and supervision on the Austrian capital market. The Code, introduced in 2002, aims to establish a responsible system of management and supervision of companies that is geared toward creating sustainable, long-term value. The Code is designed to provide a high degree of transparency for all company stakeholders. For this reason, investors and issuers recognise the Code as an indispensable part of the Austrian system of corporate governance and of Austrian business life.

The version of the Code that was valid for the 2015 financial year is the January 2015 version – it is available at the website of the Austrian Working Group for Corporate Governance (www.corporate-governance.at) and at the website of STRABAG SE (www.strabag.com > Investor Relations > Corporate Governance > Formal Obligation and Evaluation).

STRABAG SE is fully and without exception committed to the Austrian Code of Corporate Governance and its aims and sees compliance with all the rules contained within the Code as a top priority. This commitment by STRABAG SE is voluntary and aims to boost shareholder confidence and to constantly optimise the group's high internal legal, behavioural and ethical standards. The company is further obligated to fulfil the standards of the Code due to the listing of its shares in the Prime Market segment of the Vienna Stock Exchange.

This commitment requires STRABAG SE to do more than merely comply with the prevailing laws and legislation. Voluntary self-imposed obligation means that it must explain non-compliance with the so-called C-rules ("comply or explain") which go beyond the legal requirements.

NON-COMPLIANCE WITH THE AUSTRIAN CODE OF CORPORATE GOVERNANCE

C-Rule 2 of the Code: Among the shares of STRABAG SE are two special registered shares with an associated right to nominate one member of the Supervisory Board each. This was decided by the Annual General Meeting. This is advantageous for STRABAG SE – and makes sense for good corporate governance – because it guarantees the know-how of important stakeholders on the Supervisory Board. It also ensures a closer contact between the company and its shareholders, and it facilitates the communication. The company benefits from this close relationship with important shareholder groups – especially from the commitment, expertise and experience of the relevant Supervisory Board member. It also represents a contribution to the transparency of the shareholder structure.

C-Rule 27 of the Code: It is a matter of concern for STRABAG SE that remuneration of the Management Board members be made according to measurable criteria in a way that is transparent and easily comprehensible. The remuneration of the Management Board is therefore based on the scope of the work, the responsibilities and the personal performance of the individual Management Board member as well as on the achievement of the corporate goal, the size and the economic situation of the company. The variable component of the remuneration also considers sustainable, long-term, multi-annual performance criteria that are measurable and may not exceed a fixed maximum. Non-financial criteria are not applied for the remuneration of the Management Board members during the ongoing term as these do not guarantee a transparent and easily comprehensible remuneration within the business activities of STRABAG SE. The segments for which the individual Management Board members are responsible according to the allocation of duties could not be more different in their make-up (markets, client structure, personnel, know-how, etc.). It is almost impossible to define relevant non-financial criteria that are applicable to all segments in the same way. Very general non-financial criteria that apply to all segments, however, would not make good measurable factors as they would not be very meaningful with regard to the long-term success and economic situation of the company. A differentiated definition of non-financial criteria for each business segment would be to the detriment of transparency and comprehensibility. For these reasons, and following thorough debate in the Executive Committee of the Supervisory Board, STRABAG SE has decided against using non-financial criteria as a factor to calculate the variable component of the remuneration.

STRABAG SE further endeavours to abide not only by the minimum requirements but also by all of the Code's R-rules (Recommendations).

Notes on the composition and on the working methods of the Management Board and of the Supervisory Board and its committees

The Management and Supervisory Boards of STRABAG SE are fully committed to the objectives of the Austrian Code of Corporate Governance as amended in January 2015 and see compliance with all of its rules as a main obligation. This means that STRABAG SE is constantly working to maintain and optimise its high internal legal, behavioural and ethical standards. In line with the rules of the Code, the Management and Supervisory Boards of STRABAG SE work together on the basis of

- regular and extensive informing of the Supervisory Board by the Management Board as to all relevant matters concerning the development of the company's business, including the risk situation and risk management in the company and the important group entities;
- the regular exchange of information and opinions between the CEO and the chairman of the Supervisory Board concerning strategy, the development of the business, risk management and important business transactions, particularly acquisitions and disposals, and the immediate informing of the chairman of the Supervisory Board of any important information; as well as
- an open exchange of opinion and open dialogue among the members of the Supervisory Board as well as between the members of the Supervisory Board and the Management Board.

WORKING METHODS OF THE MANAGEMENT BOARD: OPEN EXCHANGE IN MEETINGS AT LEAST EVERY TWO WEEKS

Management Board meetings every two weeks

The Management Board of STRABAG SE and the individual members of the Management Board conduct their business in accordance with the prevailing law and legislation, the articles of association, and the Management Board's rules of procedure as approved by the Supervisory Board. The rules of procedure governs the work of the individual members of the Management Board as well as the allocation of duties within the board. Coordination within the Management Board occurs during regular meetings, which are held approximately every two weeks, but also in the form of an informal exchange of information. Matters discussed at the Management Board meetings include the current operations and the company strategy. Also discussed are any current or outstanding measures to be implemented by the relevant Management Board members. The rules of procedure requires the Management Board or the individual Management Board members to provide extensive information and reporting to the Supervisory Board and define an extensive catalogue of measures and legal transactions which require approval by the Supervisory Board.

COMPOSITION OF THE MANAGEMENT BOARD: FIVE MEMBERS

Peter Krammer, Thomas Birtel, Hannes Truntschnig, Christian Harder, Siegfried Wanker (from left to right)

Dr. Thomas Birtel

- CEO
- Responsibilities for Central Staff Divisions and Central Divisions Zentrale Technik, BMTI and TPA
- Responsibilities for Group Division 3L RANC[1)]

Thomas Birtel was born on 3 June 1954. He graduated with a degree in economics from the Ruhr-University Bochum in 1978 and completed his doctorate four years later. Thomas Birtel began his career in 1983 at Klöckner & Co. The last position he held there before leaving in 1989 was division manager of the accounting department of Klöckner Industrie-Anlagen GmbH. From 1989 to 1996, he worked for Sweden's Frigoscandia Group as head of the Central European region. Thomas Birtel joined the STRABAG Group in 1996 as a member of the Management Board of STRABAG Hoch- & Ingenieurbau AG. In 2002, he was appointed member of the Management Board of STRABAG AG, Cologne, responsible for building construction, finance, accounting, controlling, risk management and procurement. He managed these tasks until 28 June 2013. Thomas Birtel has also been a member of the Management Board of the STRABAG SE Group since 1 January 2006; since June 2013 he has been CEO of STRABAG SE. His term ends on 31 December 2018.

1) RANC = Russia and Neighbouring Countries

Mag. Christian Harder

- CFO
- Responsibilities for Central Division BRVZ

Christian Harder was born on 19 August 1968. He passed his school-leaving exams at Bundesgymnasium Spittal/Drau and completed his studies in applied business administration at the University in Klagenfurt with a focus on controlling and tax management before joining the STRABAG Group, specifically the Bau Holding Group, in 1994. He held the positions of director of accounting, head of financial accounting and, finally, Central Division director of BRVZ before being appointed managing director of BRVZ in 2008. Christian Harder has been a member of the Management Board of STRABAG SE since 1 January 2013 in the function as CFO. His term ends on 31 December 2018.

Dipl.-Ing. Dr. Peter Krammer

- Responsibilities for Segment North + West[1)]

Peter Krammer was born on 18 January 1966. He studied civil engineering at the Vienna University of Technology, completing his studies in 1995 with a doctorate degree in engineering sciences. His professional experience has included positions at Porr Technobau AG, Swietelsky Bau GesmbH and STRABAG AG Austria. In 2005, Peter Krammer joined the Management Board of STRABAG AG in charge of building construction and civil engineering in Eastern Europe and of environmental technology for the entire company. Peter Krammer has been a member of the group Management Board since 1 January 2010. His term ends on 31 December 2018.

Mag. Hannes Truntschnig

- Responsibilities for Segment International + Special Divisions[2)]

Hannes Truntschnig was born on 22 July 1956. He graduated from the Higher Technical Institute HTL Mödling specialising in electrical engineering and in 1978 completed his qualifications in electromechanical engineering before going on to study at the Karl Franzens University in Graz, eventually graduating with a degree in business administration in 1981. Hannes Truntschnig joined the STRABAG Group (ILBAU AG) in 1981. Since 1985, he has held several commercial management positions at various group companies. In 1992, he was appointed authorised signatory for Bau Holding Aktiengesellschaft. Hannes Truntschnig has been a member of the group Management Board since 1 April 1995. His term ends on 31 December 2018.

Dipl.-Ing. Siegfried Wanker

- Responsibilities for Segment South + East[3)]

Siegfried Wanker, born on 5 May 1968, studied civil engineering at Graz University of Technology before joining the STRABAG Group as a site manager in 1994. Between 2001 and 2004, he held various management-level positions at engineering service providers before rejoining the STRABAG Group in 2005. He served as technical division manager for Building Construction International, Corporate Development and Services, and finally for Infrastructure Project Development. Siegfried Wanker has been a member of the Management Board of STRABAG SE since 1 January 2011. His term ends on 31 December 2018.

1) North + West: Germany, Poland, Benelux, Scandinavia, Ground Engineering, Hydraulic Engineering
2) International + Special Divisions: Tunnelling, Construction Materials, Services, Real Estate Development, Infrastructure Development, Direct Export
3) South + East: Austria, Switzerland, Hungary, Czech Republic, Slovakia, Adriatic, Rest of Europe, Environmental Technology

Mandates: Four members of the Management Board with additional mandates

In the 2015 financial year, the following Management Board members held Supervisory Board mandates or similar functions at companies not included in the consolidated financial statements in Austria and abroad:

Name	Non-group company	Mandate
Dr. Thomas Birtel	Deutsche Bank AG, Germany	Member of the Advisory Board
	HDI-Global SE, Germany	Member of the Advisory Board
	VHV Allgemeine Versicherung AG, Germany	Member of the Supervisory Board
	VHV Vereinigte Hannoversche Versicherung a.G., Germany	Member of the Supervisory Board
	VHV Holding AG, Germany	Member of the Supervisory Board
Mag. Hannes Truntschnig	Raiffeisen evolution project development GmbH, Austria	Vice chairman of the Advisory Board
	Syrena Immobilien Holding AG, Austria	Vice chairman of the Supervisory Board
Dipl.-Ing. Siegfried Wanker	Syrena Immobilien Holding AG, Austria	Member of the Supervisory Board (until 29 March 2015)
Mag. Christian Harder	Syrena Immobilien Holding AG, Austria	Member of the Supervisory Board (since 30 March 2015)

Directors' Dealings: No transactions subject to disclosure obligation in 2015

Proprietary transactions with STRABAG SE shares by members of the company's boards and related persons or companies as well as by other management-level employees with group-wide responsibilities, the so-called Directors' Dealings, were reported as required by law and continually posted on the website of STRABAG SE (www.strabag.com > Investor Relations > Corporate Governance > Directors' Dealings) as well as on the website of the Austrian Financial Market Authority (www.fma.gv.at > Companies > Issuers > Directors' Dealings).

In 2015, no proprietary transactions with STRABAG SE shares were made by members of the aforementioned group of people. The following persons from the aforementioned group of people held shares of STRABAG SE on 31 December 2015:

Person subject to disclosure obligation	Board member	Number of shares
Dr. Hans Peter Haselsteiner		70,002
Haselsteiner Familien-Privatstiftung	Dr. Hans Peter Haselsteiner	29,017,451
	Dr. Alfred Gusenbauer	
	Mag. Christian Harder	
Mag. Erwin Hameseder		210

WORKING METHODS OF THE SUPERVISORY BOARD: SIX SUPERVISORY BOARD MEETINGS

In the 2015 financial year, the Supervisory Board diligently performed the duties incumbent upon it under Austrian law, the Articles of Association, the Austrian Code of Corporate Governance (ÖCGK), and the Rules of Procedure. All members of the Supervisory Board and its committees are independent according to the terms of the Austrian Code of Corporate Governance and were properly represented in the relevant meetings. The Supervisory Board held a total of six meetings last year, at least once every quarter (C-Rule 36 of the ÖCGK). One of these meetings served exclusively for the constitution of the Supervisory Board. All members personally attended at least three meetings (C-Rule 58 of the ÖCGK), so no Supervisory Board member failed to attend more than half of the meetings. Furthermore, there were two meetings of the Audit Committee and one meeting of the Presidential and Nomination Committee.

No contracts requiring approval by the Supervisory Board were concluded between the company and members of the Supervisory Board (C-Rule 49 of the ÖCGK).

The internal audit department informed the Audit Committee of the audit plan and of significant events in accordance with C-Rule 18 of the Austrian Code of Corporate Governance.

Furthermore, the Audit Committee monitored the accounting processes (including the preparation of the consolidated financial statements) and the work of the auditor (including the audit of the consolidated financial statements) as well as the effectiveness of the system of internal control, the risk management system and the audit system. The independence of the auditor (group financial auditor) was reviewed and monitored in particular as regards the additional services given to the audited company.

COMPOSITION OF THE SUPERVISORY BOARD: ELEVEN MEMBERS

Dr. Alfred Gusenbauer
Chairman of the Supervisory Board

Alfred Gusenbauer was born on 8 February 1960 and studied law, philosophy, political science and economy at the University of Vienna, completing his doctorate in 1987. In 1991, he became a member of the Austrian senate, two years later a member of parliament. From 2000 to 2008, Alfred Gusenbauer was President of the Social Democratic Party of Austria, serving as Federal Chancellor of the Republic of Austria and member of the European Council from 2007 to 2008. In addition to his current activities at Brown University and Columbia University, Alfred Gusenbauer is President of the Dr. Karl Renner Institute, the Austrian Institute for International Affairs and the Austrian-Spanish Chamber of Commerce. Alfred Gusenbauer was first elected chairman of the Supervisory Board of STRABAG SE on 18 June 2010. His current term ends with the Annual General Meeting in 2020.

Mag. Erwin Hameseder
Vice chairman of the Supervisory Board

Erwin Hameseder was born on 28 May 1956. He received a master of law degree from the University of Vienna. From 1975 to 1987, Erwin Hameseder served as an officer in the Austrian army, where he achieved the rank of colonel in 2002 and of brigadier in 2006. In 1987, he joined the legal department of RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN reg.Gen. m.b.H. From 1988 to 1994, he was responsible for investment management, from 1991 as head of the department. He was managing director of RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN reg.Gen.m.b.H. from 1994 to 2001 and director-general of RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN reg.Gen.m.b.H (a spin-off from RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG) from 2001 to 2012. From 2007 to 2012, Erwin Hameseder also assumed the position of chairman of the Management Board of RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG. Since 4 May 2012, he has been chairman of RAIFFEISEN-HOLDING NIEDERÖSTERREICH WIEN reg.Gen.m.b.H. He was first nominated to the Supervisory Board on 10 September 1998 and most recently on 17 August 2007, when he was nominated to the Supervisory Board of STRABAG SE for an indefinite period of time. Annex 1 of the Code 2015 allows terms of more than 15 years for Supervisory Board members who are shareholders with a direct investment in the company or who represent the interests of such a shareholder.

Mag. Kerstin Gelbmann
Free Float Representative

Kerstin Gelbmann was born on 30 May 1974. After completing her studies in trade and commerce in Vienna, she began her career at Auditor Wirtschaftsprüfungs- und Steuerberatungsgesellschaft mbH. Kerstin Gelbmann has worked for E.F. Grossnigg Finanzberatung und Treuhandelsgesellschaft m.b.H. since 2002, most recently as managing director and for grosso holding Gesellschaft mbH since 2007. In January 2010, she assumed the additional position of managing director at Austro Holding GmbH. Kerstin Gelbmann was first elected to the Supervisory Board of STRABAG SE on 18 June 2010. Her current term ends with the Annual General Meeting in 2020.

Andrei Elinson

Andrei Elinson was born on 19 January 1979. He has been Deputy CEO of Russian conglomerate Basic Element since December 2009. Previously, he was Basic Element's director of corporate governance and internal control, responsible for the development and implementation of corporate governance standards. Before joining Basic Element, he was a partner at Deloitte & Touche CIS, where, starting in 1997, he was in charge of consulting and assurance projects for Russian and international companies. Later he was appointed partner-in-charge for Forensic and Dispute practice in the CIS. From 2004, Andrei Elinson managed the internal control and risk management consulting streams at Deloitte. He graduated from the Finance Academy of the Government of the Russian Federation with a degree in accountancy and audit. He is a certified public accountant and fraud examiner in the US, a licensed Russian auditor and holds a Certificate in Company Direction from the Institute of Directors (IoD) in the UK. Andrei Elinson was appointed to the Supervisory Board of STRABAG SE for an indefinite period of time on 21 April 2009. Andrei Elinson left the Supervisory Board of STRABAG SE effective 13 January 2016. He was succeeded by Dr. Gulzhan Moldazhanova.

Mag. Hannes Bogner

Hannes Bogner was born on 20 June 1959. He studied business administration at the University of Innsbruck and qualified as a tax advisor in 1988 and as a statutory auditor in 1993. Hannes Bogner worked at THS Treuhand Salzburg Wirtschaftsprüfungsgesellschaft from 1984 to 1988 and at Price Waterhouse from 1988 to 1994. He has worked for UNIQA and its predecessor companies since 1994. From 1998 to 1999, he served as deputy member of the Management Board of Bundesländer-Versicherung AG and Austria-Collegialität. In 1999, he was appointed to the Management Board of UNIQA Versicherungen AG. He was Chief Financial Officer (CFO) at UNIQA Versicherungen AG from 2011 to 2014 and has held the function of Chief Investment Officer (CIO) since 1 January 2015. Hannes Bogner was first elected to the Supervisory Board of STRABAG SE on 14 June 2013. His current term ends with the Annual General Meeting in 2020.

William R. Spiegelberger
(since 12 June 2015)

William R. Spiegelberger was born on 23 March 1961. Since March 2007, he has been Director of the International Practice Department at RUSAL Global Management B.V. in Moscow, where he is responsible for all major legal risks of the Rusal Group outside the Commonwealth of Independent States. From 1994 to 2007, he worked as a lawyer in New York, Paris and Moscow at the international law firms White & Case LLP and Milbank, Tweed, Hadley & McCloy LLP. Spiegelberger is a graduate of Columbia University in New York (B.A., M.A., M.Phil, J.D.) and member of the National Advisory Council of the Harriman Institute (Columbia University). He was first elected to the STRABAG SE Supervisory Board on 12 June 2015, replacing Siegfried Wolf when he departed from the Supervisory Board. His current term ends with the Annual General Meeting in 2020.

Ing. Siegfried Wolf
(until 12 June 2015)

Siegfried Wolf was born on 31 October 1957. He started his career with Philips in Vienna, where he trained as a tool and die-maker and continued his professional training through the stages of master craftsman up to obtaining an engineering degree. From 1981 to 1983, he worked as quality manager and assistant director of quality control at VMW (Vereinigte Metallwerke Wien). Siegfried Wolf then joined Hirtenberger AG, where he advanced from director for quality control to plant director and authorised signatory. In 1994, he joined Magna Europa AG, becoming president of the company in 1995. In 1999, he became vice chairman of the Supervisory Board of Magna International Inc. He held this position until 2001, when he was appointed president and CEO of Magna Steyr. In February 2002, he was appointed executive vice chairman of Magna International Inc. and remained in this position until his nomination to co-CEO in April 2005; he exercised this function until 2010. Siegfried Wolf has also been chairman of the Supervisory Board of GAZ Group since April 2010 and chairman of the Supervisory Board of Russian Machines JSC and Glavstroy Corporation OJSC since September 2010. Siegfried Wolf was first elected to the Supervisory Board of STRABAG SE on 17 August 2007. His term ended with the Annual General Meeting in 2015.

Dipl.-Ing. Andreas Batke
Delegated by the works council

Andreas Batke was born on 4 May 1962 and joined STRABAG AG as a land surveyor on 1 April 1991. He has been a member of the works council since May 1998. Andreas Batke currently serves as chairman of the group works council and member of the Supervisory Board of STRABAG AG, Cologne. He was appointed to the Supervisory Board of STRABAG SE by the STRABAG SE works council for an indefinite period of time and has been a member of the STRABAG SE Supervisory Board since 1 October 2009. He has been vice chairman of the STRABAG SE works council since 14 October 2014.

Miroslav Cerveny
Delegated by the works council

Miroslav Cerveny was born on 16 January 1959 and has worked for a Czech subsidiary of the STRABAG Group since 1988, holding positions in IT administration, accounting, and occupational health and safety. He was appointed to the Supervisory Board of STRABAG SE by the STRABAG SE works council for an indefinite period of time and has been a member of the Supervisory Board since 1 October 2009.

Magdolna P. Gyulainé
Delegated by the works council

Magdolna P. Gyulainé was born on 26 July 1962. She is chairwoman of the works council of STRABAG Hungary, having joined a predecessor company of STRABAG Hungary as bookkeeper in 1981. She was appointed to the Supervisory Board of STRABAG SE by the STRABAG SE works council for an indefinite period of time on 1 October 2009.

Georg Hinterschuster
Delegated by the works council

Georg Hinterschuster was born on 20 December 1968 in Linz, Austria. From 1984 to 1987, he completed an apprenticeship in commercial site management at STRABAG Bau GmbH. Thereafter he worked as group commercial manager in the engineering ground works business in St. Valentin before taking over a commercial management task for the Transportation Infrastructures and the Building Construction and Civil Engineering segments in the Czech Republic from 1997 to 2000. Hinterschuster has been active in the works council since 1991 and has been a full-time employee representative in the group and central works council since 2008. The STRABAG SE works council, of which he has been a member since 2009, nominated him to the Supervisory Board of STRABAG SE for an indefinite period of time on 13 October 2014.

Wolfgang Kreis
Delegated by the works council

Wolfgang Kreis, an industrial clerk by training, was born on 18 March 1957. He joined Ed. Züblin AG as a commercial clerk in 1979. In 1987, he was elected to the works council and today is works council chairman for the subdivision Karlsruhe and chairman of the works council at Ed. Züblin AG. He has been vice chairman of the Supervisory Board of Ed. Züblin AG since 2002. He was appointed to the Supervisory Board of STRABAG SE by the STRABAG SE works council for an indefinite period of time on 1 October 2009 and has been chairman of the works council of STRABAG SE since October 2013. He also deals with the issue of occupational health and safety at the company.

Mandates: Five members of the Supervisory Board with additional mandates

In the 2015 financial year, the following Supervisory Board members held Supervisory Board mandates or similar functions at publicly listed companies in Austria and abroad in addition to their Supervisory Board mandate at STRABAG SE:

Name	Non-group company	Mandate
Dr. Alfred Gusenbauer	Gabriel Resources Ltd., Canada	Member of the Supervisory Board
	RHI AG, Austria	Member of the Supervisory Board
Mag. Erwin Hameseder	AGRANA Beteiligungs-AG, Austria	Chairman of the Supervisory Board
	Flughafen Wien AG, Austria	1st vice chairman of the Supervisory Board
	Raiffeisen Bank International AG, Austria	1st vice chairman of the Supervisory Board
	Südzucker AG, Germany	2nd vice chairman of the Supervisory Board
	UNIQA Insurance Group AG, Austria	2nd vice chairman of the Supervisory Board
Mag. Kerstin Gelbmann	conwert Immobilien Invest SE, Austria	Chairwoman of the Administrative Board (until 18 June 2015)
	ECO Business-Immobilien AG, Austria	Chairwoman of the Supervisory Board (until 18 June 2015)
	SEMPER CONSTANTIA PRIVATBANK AG, Austria	Member of the Supervisory Board (since 1 May 2015)
Ing. Siegfried Wolf	GAZ Group, Russia	Chairman of the Supervisory Board
	Continental AG, Germany	Member of the Supervisory Board
	Schaeffler AG, Germany	Member of the Supervisory Board
Dipl.-Ing. Andreas Batke	STRABAG AG, Germany	Member of the Supervisory Board

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

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

Committee	Members	
Executive Committee	• Dr. Alfred Gusenbauer (chairman) • Mag. Erwin Hameseder • Andrei Elinson[1)]	The Executive Committee deals with all matters affecting the relations between the company and the members of the Management Board, especially matters relating to the remuneration of Management Board members, but excluding decisions regarding the appointment or removal of a Management Board member or regarding the granting of stock options.
Presidential and Nomination Committee	• Dr. Alfred Gusenbauer (chairman) • Mag. Erwin Hameseder • Andrei Elinson[1)] • Georg Hinterschuster • Wolfgang Kreis	The Presidential and Nomination Committee presents the Supervisory Board with proposals regarding the filling of new Management Board mandates or positions which are opening up, deals with questions of succession planning and remuneration policy and makes decisions on urgent matters.
Audit Committee	• Dr. Alfred Gusenbauer (chairman) • Mag. Erwin Hameseder • Mag. Hannes Bogner • Andrei Elinson[1)] • Dipl.-Ing. Andreas Batke • Georg Hinterschuster • Wolfgang Kreis	The Audit Committee is responsible for the auditing and preparation for the approval of the annual financial report, the proposed distribution of net income and the management report, as well as the auditing of the consolidated financial statements and the corporate governance report. The committee also deals with the management letter written by the financial auditor as well as with the auditor's report as to the efficiency of the risk management. The Audit Committee makes a proposal for the selection of the auditor and presents the proposal of the Supervisory Board to the Annual General Meeting for voting. In line with C-Rule 81a of the Code, the Audit Committee must also establish a mutual line of communication with the financial auditor in a meeting.

1) Andrei Elinson left the Supervisory Board and all committes of STRABAG SE effective 13 January 2016. He was succeeded by Dr. Gulzhan Moldazhanova.

All members are independent

All members of the Supervisory Board and its committees are independent in accordance with the conditions contained within the Austrian Code of Corporate Governance, (see also www.strabag.com > Investor Relations > Corporate Governance > Supervisory Board > Independence of the Supervisory Board) and have declared in writing explicitly to adhere to all conditions of the Austrian Code of Corporate Governance. The independence of the Supervisory Board members is defined by the following guidelines (excerpt from the Rules of Procedure for the Supervisory Board as amended on 28 April 2014):

Guidelines for the Independence of Supervisory Board Members of STRABAG SE ("the company") in Accordance with C-Rule 53 of the Code[1)]

A member of the Supervisory Board of the company shall be deemed independent if he or she has no business or personal relations with the company or its Management Board which would constitute a material conflict of interest and thus could influence the member's behaviour. Moreover, the members of the Supervisory Board shall comply with the following guidelines adapted from the Code:

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

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

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

DISCLOSURE OF INFORMATION REGARDING THE REMUNERATION OF THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS

Remuneration of Management Board up because of higher fixed as well as variable remuneration

REMUNERATION OF THE MANAGEMENT BOARD

T€ (incl. non-monetary[1])

Name	Fixed		Variable		Total	
	2015	2014	2015	2014	2015	2014
Birtel	700	637	833	392	1,533	1,029
Harder	469	427	605	311	1,074	738
Krammer	469	427	605	311	1,074	738
Truntschnig	469	427	605	311	1,074	738
Wanker	469	427	605	311	1,074	738
Total	**2,576**	**2,345**	**3,253**	**1,636**	**5,829**	**3,981**

Total remuneration for the Management Board members in the 2015 financial year amounted to € 5.83 million (2014: € 3.98 million). Board member pay is based on a system which, in addition to a fixed base salary, foresees a variable portion dependent on the achievement of specific earnings and profitability targets for the STRABAG Group calculated according to principles of cost accounting. Since 1 January 2015, a new system for calculating the variable salary component has been in use (C-Rule 30 of the Code): bonuses are basically calculated as a fixed percentage on the net income after minorities less minimum earnings of € 100 million (previously € 200 million). At the same time, the percentage used to calculate the bonus was cut by 50 % for earnings between € 100–300 million. The variable portion of the income can amount to a maximum of 200 % of the fixed salary. If a minimum yield is surpassed (earnings according to cost accounting principles compared to output volume), a minimum variable portion is granted.

Long-term, multi-annual performance criteria

Furthermore, 25 % (previously 20 %) of the bonuses of the members of the Management Board are retained and deposited in a personal clearing account based on sustainable, long-term, multi-annual performance criteria. The payment from the personal clearing account will take place at the end of the term of the management agreement.

Furthermore, the members of the Management Board have the right to a company car. Accident insurance provides coverage in the event of death or disability, a private liability policy covers the legal liability of the members of the Management Board which may arise from third-party personal injury, property damage or financial losses. The board members are also covered by a legal expense insurance in the event of claims resulting from administrative or criminal violations. Insurance coverage exists for damage claims resulting from third-party or group financial losses as the result of neglect of duty during service for the company. The company bears the costs for these insurances. The members of the Management Board are subject to a competition clause for the period of their service. If a member of the Management Board is dismissed without cause, the fixed base salary is paid for the full term of the contract. The management contracts of all members of the Management Board expire on 31 December 2018.

One Management Board member is entitled to non-growing pension payments from subsidiaries of the company. No other pension agreements exist – and no new entitlements may be acquired – between the company and the members of the Management Board. One Management Board member has a right to legal and contractual severance pay in the event of the termination of service to the company, with the maximum amount set by the Austrian Employee Act (oAngG). All Management Board members perform their services on the basis of employment contracts and are subject to income tax regulations.

No stock option programme

STRABAG SE has decided against a stock option programme for Management Board members. No additional recompense is granted for internal group mandates or functions. No prior agreements or exception rules exist for the event of a public takeover offer.

1) Non-monetary after deductibles

Remuneration of Supervisory Board members unchanged

REMUNERATION OF THE SUPERVISORY BOARD

€	2015	2014
Alfred Gusenbauer	50,000	50,000
Erwin Hameseder	25,000	25,000
Kerstin Gelbmann	15,000	15,000
Hannes Bogner	15,000	15,000
Andrei Elinson	15,000	15,000
William R. Spiegelberger	8,301	–
Siegfried Wolf	6,699	15,000
Total	**135,000**	**135,000**

The Annual General Meeting decides on the annual remuneration of the members of the Supervisory Board nominated or elected by the shareholders as well as on any additional remuneration for special tasks performed, if applicable. At the Annual General Meeting of 10 June 2011, the shareholders approved annual remuneration of € 15,000 for the regular members of the Supervisory Board, € 25,000 for the vice chairman and € 50,000 for the chairman. Members of the Supervisory Board who are elected to or leave the board during a financial year are remunerated in accordance with the actual period of their membership on the Supervisory Board pro rata temporis.

Additionally to their annual remuneration, the Supervisory Board members also receive cash compensation for expenses. Furthermore, the members of the Supervisory Board are, in accordance with the Articles of Association, covered by a D&O (directors and officers) liability insurance up to a certain maximum amount. The insurance covers the personal liability of the Supervisory Board members in the event of careless neglect of duty during their service for the company. In 2015, no other remuneration was paid to the members of the Supervisory Board. There were no other transactions with members of the Supervisory Board.

People & Workplace

Measures for the advancement of women

Traditionally, the construction industry employs primarily men. Women are therefore underrepresented at all hierarchy levels. The shortage of skilled personnel, however, requires the sector to build more strongly on female labour than before. For this reason – and to maintain our level of competitiveness as well as benefiting from the diversity and different points of view – STRABAG made it its goal in 2013 to annually raise the percentage of women employed in the group around the world. To demonstrate the commitment to this goal, then-CEO of STRABAG SE Hans Peter Haselsteiner signed the UN Women's Empowerment Principles.

In 2015, the number of women as a percentage of employees within the entire group amounted to 13.9 % after 13.8 % the year before. The group management – i.e. persons with a management position as defined by Section 80 of the Austrian Stock Corporation Act (AktG) – is composed of 8.7 % women (2014: 8.5 %).

Currently there are no women on the five-member Management Board of STRABAG SE. It is noteworthy, however, that two women sit on the eleven-member Supervisory Board of the company: Kerstin Gelbmann and Magdolna P. Gyulainé. The Supervisory Board thus has a female percentage of around 18 % and a percentage of female members appointed by the works council of 20 %. Since 13 January 2016 we have one more woman in the Supervisory Board: Gulzhan Moldazhanova (following Andrei Elinson).

If we succeed in interesting more women for a career in construction and/or with STRABAG, then we will have laid the foundation for a higher representation of women at the management levels. For this reason, an internal team led by a STRABAG SE Management Board member has been hard at work since 2012 to develop measures to promote women in the company. The activities to date to increase the percentage of women and to promote the careers of women within the STRABAG Group focus on three areas:

Adequate consideration of women in potential management

- **Targeted marketing:** In order to secure a higher share of graduates especially from technical universities, the STRABAG Group is focusing increasingly on targeted human resource marketing aimed at female students, graduates and applicants. For example, the company now uses both the masculine and feminine forms in the language of all of its texts and job announcements. The Universum Student Survey 2015 shows that these measures are having an effect and that women with a technical education in particular rank STRABAG high in the list of attractive employers. Some of our activities target potential employees even earlier on, namely at school age: several of the group's organisational units in Germany and Austria regularly take part in events such as "Töchtertag" ("Take Your Daughter to Work Day") or Girls' Days.

- **Compatibility of family and career:** STRABAG also wants to become more attractive as an employer – especially among high potentials and top performers – by making it easier to combine work and family responsibilities. In 2014, a set of guidelines was worked out regarding parental leave, part-time work for parents and return management. The corresponding pilot project to put these guidelines into practice was launched in Austria in 2015. Its expansion onto the German organisation is in preparation.

- **Career opportunities:** There are no salary differences between men and women who perform equal work and have the same level of education. Rather, the results of in-company surveys, workshops and analyses indicate the importance of adequately considering women in promotion and further education. Attention will therefore be given to the adequate representation of women within the existing potential management as well as in the composition of teams of working groups – something we measure at regular intervals. Besides events for members of the potential management pool, the group supports its women employees in their own career planning and further education by offering seminars at the group academy that are designed especially for women. The group also offers all female employees the opportunity to network with each other in a special area in the Intranet – an offer that has already been used by more than 180 employees. (2014: 130). To increase the visibility of women in the group and to support the personal networking, the company also held its first "STRABAG Women Engineers Day" in Vienna in 2015. Some 70 female colleagues from technical fields in Austria and Switzerland answered the invitation to listen to lectures, take part in workshops and get to know their colleagues. More such events are planned in other countries as well.

Internal audit report

Business Compliance

Internal audit as part of risk management

The STRABAG Group's internal audit department is a neutral and independent authority which again conducted approximately 180 (2014: 180) internal audits in all group divisions worldwide in the 2015 financial year.

In accordance with the rules of the Austrian Code of Corporate Governance, the internal audit department is set up as a staff unit of the Management Board of STRABAG SE, giving it the greatest possible amount of independence. It plans and conducts process-independent and neutral audits of all of the group's divisions and regions in Austria and abroad. The audit planning orients itself along aspects of risk and is constantly updated to meet the current needs. Given its technical and commercial competence, the internal audit department forms an important part of the group's risk management and internal control systems. The internal audits serve to evaluate the effectiveness of the risk management and control as well as of management and monitoring processes. With its comprehensive approach, the use of uniform auditing standards and neutral reporting, it also contributes to the standardisation of processes and structures.

In 2015, the internal audit department again audited individual projects as well as entire organisational units. The audits covered all of the group's sub-divisions as well as the most important contracts and orders of the year. The routine and special audits served to recognise and avoid risks, to reveal opportunities and to monitor proper conduct and compliance with the group's ethics system.

The internal audit department reported regularly to the CEO and to the Supervisory Board's Audit Committee regarding the audit plan and significant events of its work. The audit reports were sent to the audited units and divisions, to the unit and division managers, and to the Management Board, and were made available to the financial auditors.

External evaluation

In accordance with C-Rule 62 of the Austrian Code of Corporate Governance, STRABAG SE commissions an external evaluation of compliance with the Code regularly every three years. The next external evaluation will be conducted in 2017 for the 2016 financial year.

Details: The results of the evaluation are available at www.strabag.com.

The last evaluation, for the 2013 financial year, was performed in March 2014 by Fellner Wratzfeld & Partner Rechtsanwälte GmbH. It revealed no indications that the declarations provided by the Management and Supervisory Board members regarding observation of and compliance with the C-Rules and R-Rules of the Austrian Code of Corporate Governance were untrue. The C-Rules and R-Rules of the Code were complied with – inasmuch as these were included in the formal obligation of STRABAG SE. Some rules did not apply to STRABAG SE during the evaluation period. The complete report including the results of the evaluation is available at www.strabag.com.

Continuous development of the corporate governance system

STRABAG strives to constantly improve the corporate governance system in the interests of the company and all stakeholders. In the past financial year, the company examined how it could further professionalise the meetings of the Supervisory Board. Some large companies use protected IT tools to prepare Supervisory Board meetings and distribute the necessary documents. The Supervisory Board has analysed the advantages and disadvantages of this form of electronic board communication. Following a thorough debate, it was, however, decided not to use such a system.

E-LEARNING AND CLASSROOM TRAINING TO FIGHT CORRUPTION

Business Compliance

As corruption is a risk in business in general and in the construction industry in particular, proven instruments to fight corruption with group-wide validity are in place at STRABAG. The STRABAG business compliance model is based on the Code of Conduct, the Business Compliance Guidelines, the Business Compliance Guidelines for Business Partners, and the personnel structure of the STRABAG business compliance model, consisting of the group business compliance coordinator, the regional business compliance representatives as well as the external and internal ombudspersons.

Goal of training rate of 100 %

In 2015, the group continued its employee training via e-learning. Following the introduction of the e-learning module “Richtiges Verhalten im Geschäftsalltag” (“The Right Behaviour in Day-to-Day Business”) in Belgium, Bulgaria, Croatia, Czech Republic, Hungary, Italy, Montenegro, Netherlands, Romania, Russia, Serbia, Slovakia, Slovenia, Sweden and Switzerland in 2014, the group achieved a training rate of over 90 % of all employees at the end of 2015. The training module had in previous years already been rolled out nationwide in Austria, Germany and Poland.

The group also continued its classroom training of managers through external legal advisers on the subject of corruption and cartel law. As at 31 December 2015, the amount of persons trained in this area reached around 95 %. While STRABAG is aiming at a training rate of 100 % in principle, the fluctuation among management personnel naturally makes it difficult to present the actual rate at any point in time.

This was complemented in 2015 by the introduction of more intense cartel law training for all management level employees. The management-level module, just like the training on avoiding corruption and cartel risks, involves classroom-based training to be repeated in a three-year cycle. By the end of 2015, some 250 of the approximately 1,100 managers in the group had completed the training.

The activities initiated in the past to avoid corruption and cartel risk will be continued at the same intensity in 2016 and are being continuously adapted to the changing needs and conditions. The group continues to strive to educate all of its managers and employees on how to avoid cases of corruption and cartel risk.

Villach, 9 April 2016
The Management Board

Dr. Thomas Birtel

Mag. Christian Harder

Dipl.-Ing. Dr. Peter Krammer

Mag. Hannes Truntschnig

Dipl.-Ing. Siegfried Wanker

SUPERVISORY BOARD REPORT

**Dear shareholders,
associates and friends of STRABAG SE,**

Dr. Alfred Gusenbauer

The 2015 financial year has provided STRABAG with yet another more than satisfactory business result. The earnings were increased, as had been forecast. The financial performance and profitability improved, not least due to the special focus on risk management and efficiency increases through continuous implementation of the measures proposed by the "STRABAG 2013ff" task force. The Supervisory Board has an important role here: together with the Management Board, it constantly ensures that this path of a sustainable strategy is continued to be pursued in the interest of all stakeholders, that the group recognises the developments on the markets in time, and that the necessary changes to the strategy are implemented consistently.

Open exchange of information and opinion in six Supervisory Board meetings

In the 2015 financial year, the Supervisory Board diligently performed the duties incumbent upon it under Austrian law, the Articles of Association, the Austrian Code of Corporate Governance (ÖCGK) and the Rules of Procedure; regularly advised the Management Board in the management of the company; and audited and monitored its management. A total of six meetings of the Supervisory Board, two meetings of the Audit Committee and one meeting of the Presidential and Nomination Committee took place in 2015. All members of the Supervisory Board and its committees are independent and were represented in the relevant meetings in accordance with the conditions contained within the Austrian Code of Corporate Governance.

The Management Board engaged in an exchange of information and opinion as well as in open discussions with the Supervisory Board in order to regularly report on the market situation, the course of the business and the situation of the company. At all meetings, the Management Board informed the Supervisory Board of STRABAG's strategic direction, of its cash flows and financial performance, of the personnel situation and of any plans regarding investments, project developments or large projects, and obtained its approval regarding important business transactions. The Supervisory Board studied the corporate planning and the appropriate analyses of divergence constantly and in great depth. Specifically, the following agenda items of the Supervisory Board meetings should be emphasised:

SUPERVISORY BOARD MEETING 1: DISCUSSION OF PLANNED ACQUISITION

In its first meeting of the year on 12 January 2015, the Supervisory Board discussed in detail a planned acquisition, which, however, failed in the end.

SUPERVISORY BOARD MEETING 2: 2015 PLANNING INCLUDING EXPENDITURES AND BUDGET SITUATION AS WELL AS IMPACT OF "STRABAG 2013FF" TASK FORCE ON AUSTRIA

In its meeting on 23 February 2015, the Supervisory Board dealt with the current situation of the company as well as with budgeting and expenditure planning for 2015. Other issues included the medium-term planning for the period 2016–2018.

In-depth discussion also centred on the impact of the “STRABAG 2013ff” task force’s proposals on the organisational units in Austria. The Supervisory Board was able to convince itself that streamlining measures have been initiated at the management level and that synergies are being used more intensely between the segments Building Construction & Civil Engineering and Transportation Infrastructures.

SUPERVISORY BOARD MEETING 3: FINANCIAL STATEMENTS AND CORPORATE GOVERNANCE REPORT

During its third meeting of the 2015 financial year on 27 April 2015, the Supervisory Board, together with the Management Board, discussed the financial statements, the management report, the corporate governance report, the consolidated financial statements and the group management report of STRABAG SE. The Audit Committee reported on the audit of the financial statements, the consolidated financial statements, the management reports and the corporate governance report. There were no objections to the audit by the financial auditor and all questions of the Audit Committee could be answered satisfactorily.

The Supervisory Board thereupon acknowledged completion of the 2014 financial report. The Management Board’s proposal for the appropriation of net income was also reviewed, with a recommendation for its acceptance by the Annual General Meeting. Also discussed and approved were the Supervisory Board report as well as the appointment of KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, as auditor, financial auditor and group financial auditor.

Discussion of personal qualifications

The Presidential and Nomination Committee, in its meeting on 27 April 2015, discussed in detail the professional and personal qualifications of the Supervisory Board election candidates Dr. Alfred Gusenbauer, Mag. Kerstin Gelbmann, Mag. Hannes Bogner and William R. Spiegelberger.

SUPERVISORY BOARD MEETING 4: RECONSTITUTION OF SUPERVISORY BOARD

After the 11th Annual General Meeting, the Supervisory Board was reconstituted on 12 June 2015.

SUPERVISORY BOARD MEETING 5: INFRASTRUCTURE AND REAL ESTATE DEVELOPMENT AS WELL AS IMPLEMENTATION REPORT OF “STRABAG 2013FF” TASK FORCE FOR GERMANY/BENELUX/SCANDINAVIA

Following a report on the positive outcome of the 11th Annual General Meeting, the Management Board detailed the current situation of the company as well as the state of the group’s infrastructure and real estate development projects. Special attention was given to the acquisition of the Mar 1 PPP motorway project in north-western Colombia and the D4/R7 motorway project in Bratislava, which was in the tendering phase at the time. The Audit Committee presented the results of the internal audit, and the financial auditor reported on the planning for the audit of the financial statements for the 2015 financial year.

Finally, the discussion moved to the proposals of the “STRABAG 2013ff” task force and their implementation in Germany/Benelux/Scandinavia. The measures are taking hold and the developments observed are positive.

SUPERVISORY BOARD MEETING 6: REFINANCING OF LOANS AND PLANNED ACQUISITION OF SHARES OF ED. ZÜBLIN AG

During the final Supervisory Board meeting of the 2015 financial year on 14 December 2015, the Management Board first gave a report on the latest developments. One topic was the especially strong growth in Poland, Romania, Slovakia and the Czech Republic.

The Supervisory Board then approved the refinancing of the syndicated surety loan and the syndicated cash credit line. Also discussed in detail was the planned acquisition of the remaining 42.74 % stake in Ed. Züblin AG. The entire Supervisory Board was favourably disposed to

this plan and gave the proposal its approval.
Finally, the Supervisory Board discussed the results of its annual self-evaluation. The review showed that the working methods of the Supervisory Board were rated very positively overall and that there was no need for other action.

Consolidated financial statements awarded unqualified opinion

The internal audit department informed the Audit Committee of the audit plan and of significant outcomes in accordance with C-Rule 18 of the Austrian Code of Corporate Governance. Furthermore, the Audit Committee monitored the accounting processes (including the preparation of the consolidated financial statements) and the work of the auditor (including the audit of the consolidated financial statements) as well as the effectiveness of the system of internal control, the risk management system and the audit system. The independence of the auditor (group financial auditor) was reviewed and monitored in particular as regards the additional services given to the audited company.

The financial statements and management report of STRABAG SE for the 2015 financial year were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz. Pursuant to the final result of the audit, the auditor had no cause for complaint and awarded its unqualified opinion.

The consolidated financial statements and the group management report drawn up by the Management Board for the 2015 financial year under application of Section 245a of the Austrian Commercial Code (UGB) in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) applicable on the balance sheet date were reviewed by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, and awarded their unqualified opinion.

The auditor's reports and the group financial auditor's reports were submitted to the Supervisory Board. The Audit Committee reviewed the 2015 financial report and the management report including the proposed appropriation of net income and the corporate governance report, and the 2015 consolidated financial statements and group management report, and prepared the approval of the annual financial report by the Supervisory Board.

The Supervisory Board reviewed all documents as well as the report by the Audit Committee. In its meeting of 25 April 2016, the Supervisory Board stated its agreement with the financial report and the 2015 consolidated financial statements and officially approved the 2015 annual financial report, thus acknowledging its completion. The Supervisory Board supports the Management Board in its proposal for the appropriation of net income. The Supervisory Board proposes appointing KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, as auditor, financial auditor and group financial auditor for the 2016 financial year, in accordance with the proposal of the Audit Committee.

Word of thanks to Management Board and all employees

By way of closing, the Supervisory Board would like to express its gratitude and appreciation to the Management Board and to all employees for their valuable contribution in the past financial year.

The chairman of the Supervisory Board of STRABAG SE

Dr. Alfred Gusenbauer
Vienna, 25 April 2016

Ecological Responsibility

ECOLOGICAL RESPONSIBILITY

- CONSTRUCTION AND REAL ESTATE SECTOR RESPONSIBLE FOR 40 % OF ENERGY CONSUMPTION
- PROPRIETARY SOFTWARE CARBONTRACKER COLLECTS ENERGY AND CO_2 DATA FOR THE ENTIRE GROUP
- RECYCLING OF CONSTRUCTION MATERIALS IN TRANSPORTATION INFRASTRUCTURES REDUCES GREENHOUSE GAS EMISSIONS
- INCREASING FOCUS ON A BUILDING'S LIFECYCLE COSTS: SUSTAINABLE CONSTRUCTION AND AUDITING OFFERED IN ACCORDANCE WITH THE CERTIFICATION SYSTEMS DGNB, LEED, ÖGNI AND BREEAM

Introduction

More information about ecological responsibility is available at www.strabag.com > Strategy > Strategic Approach > Ecological Responsibility

Almost daily we hear about the limits to growth, the finiteness of our natural resources, and the advance of climate change. The construction industry contributes its share. The production of buildings and other structures, their operation and use, as well as their demolition and dismantling uses resources and releases material into the environment. About **40 % of the total energy consumption** and around 35 % of the related greenhouse gas emissions in the European Union can be ascribed to the **construction and real estate sector**.

STRABAG wants to keep the negative impact of its business activity on the environment as low as possible. We therefore place top priority on those **targets** which we can directly influence through our own actions:

1. Reduction of the direct and indirect negative environmental impact during construction
2. Reduction of energy use and CO_2 emissions
3. Continued development of processes and technologies for resource- and energy-efficient buildings

An increasing awareness among society and politics, as well as the changed environmental conditions due to climate change, have already caused a shift in client demands. Our strategic focus, our innovative strength and our Sustainable Building technology centre help to prepare us for the growing demand for resource-friendly services and products and allow us to proactively offer the corresponding solutions. Internally, we are continuing to develop our comprehensive energy and fuel management. But sustainable development can only be achieved when everyone involved in the construction process approaches the task with serious intentions.

Energy management

The construction industry is an energy-intensive sector. The topic of energy therefore is of great importance for the STRABAG Group not only for ecological but also for economic reasons. The **energy costs** for the companies within STRABAG SE's scope of consolidation amounted to nearly € 262.77 million in 2015 (2014: € 304.67 million). The costs were down due to the declining market prices for petroleum and petroleum products.

STRABAG's group-wide energy management is an instrument with which it is possible to determine and monitor energy consumption. On this basis, concepts are developed with which we can reduce the use of fossil fuels and the resulting greenhouse gas emissions through more efficient conventional or new and innovative machines in the long term. To this end, we are working on operational targets for energy consumption, CO_2 emissions and the development and implementation of corresponding measures. Group employees are further sensitised to contribute to increasing the **energy efficiency**. This can occur through training courses in which the staff is informed on the issues of safety, environment and energy, or it may be done via notices at the asphalt mixing plants, information screens at the offices, public announcements on the intranet, or team meetings on the subject of energy. We also use the internal energy audits and the accompanying audit reports to sensitise both staff and management for higher energy efficiency.

The positive results of the energy management can be seen in the reduction of energy costs, the higher tax savings potential and the protection of the environment through lower emissions.

ENERGY USE WITHIN THE GROUP

Form of energy[1]	Unit	2011	2012	2013	2014	2015
Electricity	MWh	499,146	486,033	497,943	433,164	443,009
Fuel	thousands of litres	241,433	245,660	252,718	230,926	222,261
Gas	heating value in MWh	658,356	565,048	585,857	505,371	531,201
Heating oil	thousands of litres	21,644	17,790	16,053	14,388	17,661
Pulverised lignite	tonnes	84,318	79,107	69,602	75,247	72,174

FUEL MANAGEMENT AS IMPORTANT BUILDING BLOCK OF ENERGY MANAGEMENT

The group's most important energy source is **fuel**, which accounts for about 70 % of the total energy costs and therefore holds the greatest potential for savings for the group. Over the course of the 2015 financial year, we analysed the efficiency potential of the passenger car and commercial vehicles fleet for the group's two largest markets, Germany and Austria. From today's point of view, there is a **savings potential** for fuel in the amount of 3.2 %. The savings potential in our asphalt mixing plants is also currently being determined. The energy sources here are mainly gas and pulverised lignite.

The **energy and CO_2 data** for the group are systematically **gathered** and analysed using **CarbonTracker**. The software was developed in-house and has been in use since 2012. This was followed in 2014 by FuelTracker, specifically designed to handle the group's fuel management. The software was developed further in 2015. **FuelTracker** allows us to exactly analyse the fuel use and CO_2 emissions of the STRABAG passenger car and commercial vehicles fleet.

DRIVING ENERGY MANAGEMENT: CURRENT NATIONAL AND EU LEGISLATION

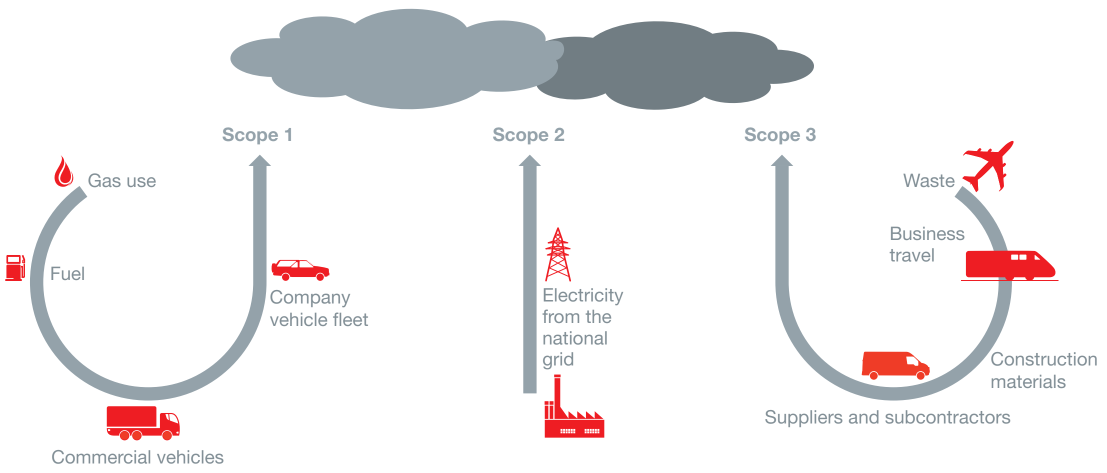
Austria, one of our core countries, passed the **Energy Efficiency Act** (EEffG) as a way of bringing into force the EU Energy Efficiency Directive. This was one of the reasons why work began in July 2014 on the introduction of an ISO 50001-certified energy management system in Austria that was successfully rolled out in 2015. All companies in Austria that are at least 50 % owned by STRABAG SE are now in possession of valid certification. Furthermore, energy efficiency measures are being implemented to lower the energy use by 0.6 % on the basis of the total annual energy use of these companies. In Germany, our largest market, the **Energy Services Act** (EDL-G) was amended in 2015. STRABAG has been working since 2015 on the establishment of a nationwide ISO 50001-certified energy management system in Germany. Completion is planned for 2016.

Other European countries have already implemented the **EU Energy Efficiency Directive** into national law and are calling for the total or partial introduction of an energy management system, e.g. Hungary, Poland, Slovakia, Denmark and Sweden. The measures within the group that are necessary to do so are centrally coordinated and arranged in the individual countries.

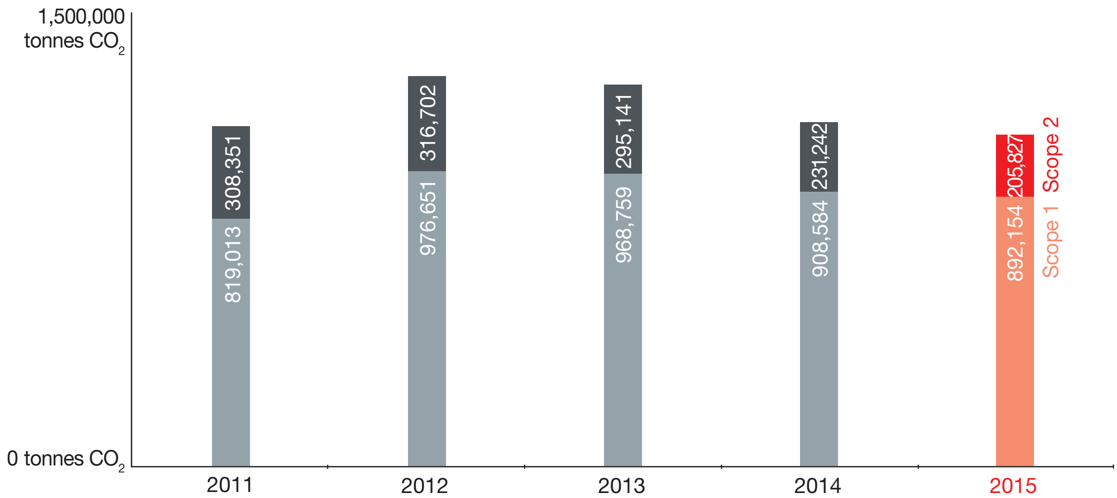
The carbon footprint for the 2015 financial year refers to the group's full scope of consolidation and includes the emissions caused in 65 countries. Within the group, a total of 1,097,981 tonnes of CO_2 were emitted in the year under report. This represents a decline of 4 % or 41,845 tonnes of CO_2 in a year-on-year comparison. The emissions are reported separately for Scopes 1 and 2 as defined by the Greenhouse Gas Protocol. More than half of the CO_2 emissions in the group resulted from the use of fuels, mainly diesel. This was followed by electricity and pulverised lignite with 18 % and 14 %, respectively. Germany, Poland, Austria and the Czech Republic are responsible for the greatest share of these emissions (65 %). With 70 %, these countries also account for the greatest share of the group's output volume in 2015.

1) The amounts stated were calculated on the basis of the energy costs as well as the average price per energy source. Variations in the energy figures in comparison to other publications are due to the enhancement of the evaluation system.

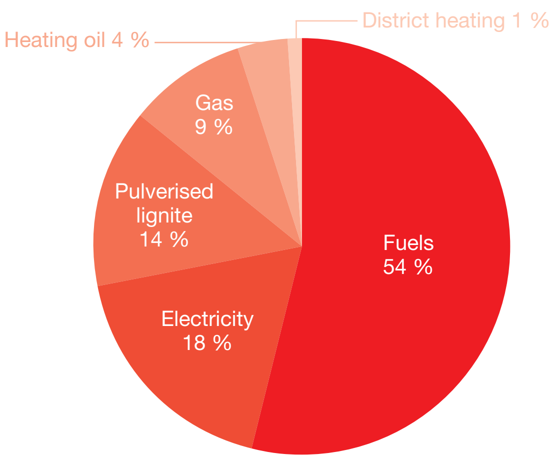
EMISSIONS OF THE STRABAG GROUP



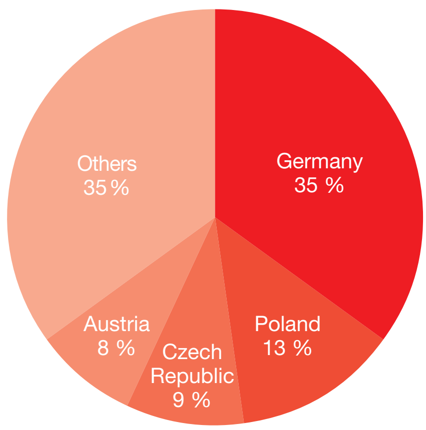
CO_2-EMISSIONS OF THE STRABAG GROUP[1]



CO_2-EMISSIONS BY ENERGY SOURCE 2015



CO_2-EMISSIONS BY COUNTRY 2015



1) We are currently working on the evaluation of Scope 3.

Material use and resource savings

Economic growth, population increase and the development of infrastructure in structurally weak regions will keep resource demand at a high level around the world. This contributes to global environmental problems such as climate change, soil degradation and biodiversity decline. For this reason – and because many resources are finite –, a transition must take place toward a more resource-friendly and more sustainable level of recycling management.

The construction industry traditionally is an energy- and resource-intensive sector. Germany alone uses about 550 million tonnes of mineral resources a year, which corresponds to around 85 % of all processed raw materials within the country[1]. Given this high value, the construction sector plays a key role in the future development of efficient ways to use primary raw materials. STRABAG recognised this development years ago and is increasing its resource efficiency through **optimised production processes** for concrete, cement and asphalt, on the one hand, and, on the other hand, through the reprocessing and **recycling of construction materials**. In a European comparison, the recycling rates in two of our core countries, Austria and Germany, are already quite high. Technological advances and stricter legislation help to promote this positive development.

The transportation infrastructures segment holds especially high potential. The recycling of used materials reduces greenhouse gas emissions and saves valuable primary raw materials. Moreover, with a rate of 81 %, we cover most of our asphalt needs ourselves. This puts us in a position to optimise the production process as needed and to initiate measures to raise energy efficiency.

MATERIALS USED

Material	Unit	2011	2012	2013	2014	2015
Stone/Gravel	thousands of tonnes	74,760	67,980	60,360	59,910	60,670
Asphalt	thousands of tonnes	15,273	13,900	13,110	13,840	13,690
Concrete	thousands of m^3	5,781	5,187	5,053	4,934	4,986

Environmental and quality management

In the planning and execution of construction projects and services, we strive to use energy and raw materials in a resource-friendly manner and to keep dust, noise, pollutants and waste to a minimum. This premise is also anchored in the environmental policy that is valid throughout the group. **Our environmental management system**, which has been introduced with **ISO 14001 certification** in accordance with international standards nationwide in nearly all group countries, helps us to recognise the most important areas for improvement, to set appropriate measures and to achieve our own targets. We can thus systematically contribute to improving our own environmental footprint as well as that of our clients.

HIGHLIGHT 2015: SWITCH TO RECYCLED PAPER

In 2015, the group's Management Board decided to switch to recycled paper in Germany, Austria and Switzerland – for the time being in photocopying, stationery and shipping. This is a further step of our group in the implementation of our ecological responsibility. This measure also forms part of our commitment to the Pro Recyclingpapier initiative:
www.ceos-pro-recyclingpapier.de/dr-thomas-birtel

1) Source: VDI ZRE publications: Kurzanalyse Nr. 2, Ressourceneffizienz der Tragwerke, 2014

Sustainable building

Seven group buildings with DGNB or ÖGNI certification

Rising energy prices, the increasingly noticeable impact of climate change, and rapid urban growth present the construction industry with new challenges: buildings are no longer optimised only according to investment criteria – lifecycle costs, quality and resource efficiency are also becoming more important. Thinking and working in cycles results in economical, environmentally friendly, low-resource buildings which also meet the high demands for functionality and flexibility.

Taking a building's entire lifecycle into account, **energy demand is highest during the operating phase**. An important and growing business field for STRABAG therefore is to optimise buildings so they consume little or no energy, or even generate their own, during their period of use. We have the technical know-how and the necessary experience to design and produce sustainable buildings. In addition to consultation and execution, we also conduct audits of new and existing buildings in accordance with the established certification systems **DGNB, LEED, ÖGNI,** and **BREEAM**.

We also want to offer our own employees a chance to experience the health benefits and level of comfort which the users of sustainable buildings enjoy: seven of our group buildings at five locations have been built either fully or in part by STRABAG and its subsidiaries with subsequent certification according to DGNB or ÖGNI criteria.

Corporate Citizenship

CORPORATE CITIZENSHIP

- LONG-TERM SUPPORT OF SELECTED INITIATIVES
- IMPROVE STANDARDS AND SUPPORT CULTURAL PROJECTS
- INITIATIVES INCLUDE CONCORDIA SOZIALPROJEKTE, TYROLEAN FESTIVAL ERL, ENSEMBLE:PORCIA AND STRABAG KUNSTFORUM

What does corporate citizenship mean to us?

Focus on cultural and social projects as well as team sports

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

We do not extend our social commitment indiscriminately, but instead support selected initiatives over the long term in order to make a lasting contribution. If and in which form we lend our support is decided by the STRABAG SE Management Board according to eligibility criteria such as:

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

In the year 2015 we spent a total of about € 5.50 million on the following projects.

Social projects

We are especially committed to helping children and youth in Eastern and South-East Europe by giving them an opportunity for an education and the chance for a better future. This also helps to secure the future of our company in these markets.

A chance for a better future

CONCORDIA SOZIALPROJEKTE

CONCORDIA is an internationally active, independent charity organisation for children, youth, the elderly, and families in need. From its start as a social project for street children in Bucharest twenty years ago, CONCORDIA has grown into an organisation which helps more than 1,000 children in Romania, Bulgaria and the Republic of Moldova.

With STRABAG's support, CONCORDIA helps people in need.

The organisation's most important goal is keeping families together. Many parents are forced to leave the country in search for work. And existential poverty often means that children cannot stay with their families. CONCORDIA's services therefore comprise family-like children's homes, social centres for youth in precarious situations, assisted living facilities for young adults, outreach work, and a number of learning-style activities such as educational assistance, training workshops and music instruction.

In the Republic of Moldova, CONCORDIA also attends to the needs of more than 5,000 people who have to live in extreme poverty. All over the country, CONCORDIA's social centres and soup kitchens provide elderly people and children in need with the essentials they require every day. STRABAG has been a partner of CONCORDIA for years, helping to build living facilities for (orphaned) children, setting up social centres and soup kitchens, and offering continuous support of the organisation's activities.

More information: www.concordia.or.at

Cultural projects

TYROLEAN FESTIVAL ERL

Tyrolean Festival Erl was founded in 1997 and has been held in the illustrious Passion Play town of Erl in Austria under the overall direction of Gustav Kuhn every year since 1998. STRABAG has been a supporting partner from the beginning. An attractive winter season programme was added to the summer programme in 2012 when performances became possible in the STRABAG-built festival theatre.

Tyrolean Festival Erl has become a respected fixture in the cultural life of Tyrol and internationally. The focus in the summer is on Wagner and Strauss as well as on a classical and romantic concert repertoire. In the winter, the unique acoustics in the new festival theatre do justice to the works of Mozart, Bach, Italian composers and belcanto.

More information: www.tiroler-festspiele.at

The festival and Passion Play theatre in Erl (Austria)

ENSEMBLE:PORCIA

European comedies have a home in Carinthia. Here: Cyrano de Bergerac

© Riebler

Ensemble:Porcia, one of Austria's oldest summer theatre festivals, can look back on 55 years of tradition in comedy at its historic venue of Porcia Castle in Spittal an der Drau in Carinthia, Austria. Under the direction of Angelica Ladurner, the troupe returned to its original name, Ensemble:Porcia, which had been bestowed on the theatre by founding father Herbert Wochinz. Performances are held not only in the courtyard of Porcia Castle, but also at the Salamanca Gallery; the Theatre Wagon – "Komödie unterwegs" ("comedy on the road") – tours through all of Carinthia between June and August.

Every summer season from June to August, the professional ensemble performs six new productions of great comedies – a programme that comes up to the limits of a medium-sized city theatre.

More information: www.ensemble-porcia.at

STRABAG KUNSTFORUM

STRABAG Kunstforum opens up the world of contemporary art to STRABAG's staff and visitors. Regular exhibits are held in the Artlounge at the group's Vienna headquarters and temporary exhibits of the collection are organised at over 70 office locations in Austria and abroad. The STRABAG Artaward, presented in Austria since 1994 and internationally since 2009, has made STRABAG Kunstforum a fixture on the Austrian and international art scene.

In 2015 STRABAG Kunstforum celebrated a total of three anniversaries: ten years of the exhibition space (STRABAG Artlounge), 20 years of STRABAG Artaward and 30 years of STRABAG Artcollection. The book that has been published for this occasion takes its title from a work by anselm glück that forms part of the collection: "halb erinnert, halb vorhergesehen" [half remembered, half foreseen]. It reflects the diversity of the collection and the countless associated activities of STRABAG Kunstforum.

More information: www.strabag-kunstforum.at

Exhibition "Strich und Faden" ("Line and Threads") with works by the artist Sevda Chkoutova at STRABAG Artlounge, STRABAG headquarters Vienna (Austria)

© STRABAG/Rudi Froese

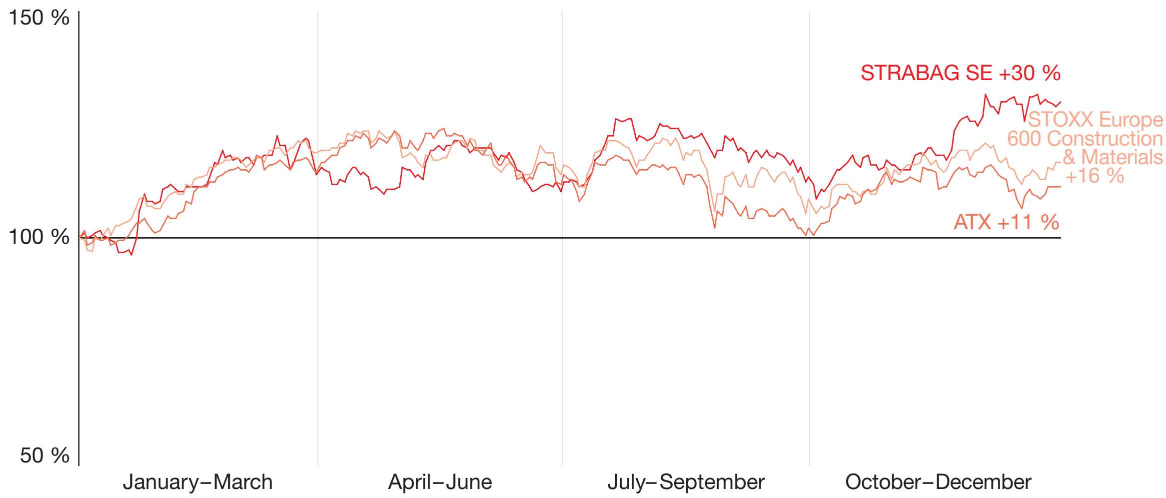
Economic Responsibilty

SHARES, BONDS & INVESTOR RELATIONS

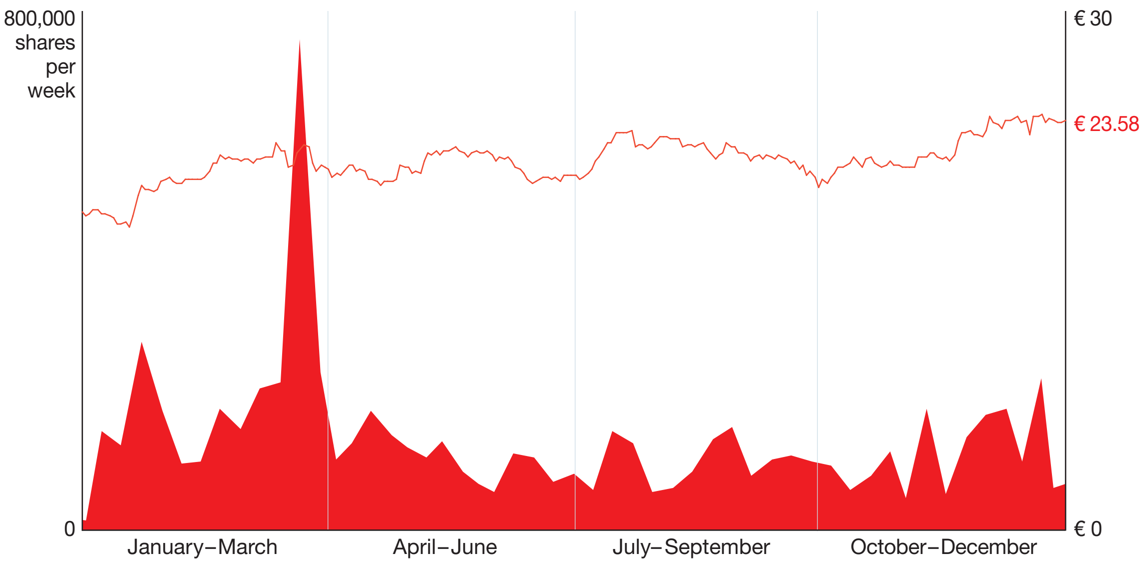
- STRABAG SE SHARE UP 30 %, SURPASSES POSITIVE DEVELOPMENT OF BENCHMARK INDEXES
- PROPOSED DIVIDEND OF € 0.65 PER SHARE
- NINE BANKS PROVIDE FREE COVERAGE OF STRABAG SE ON A REGULAR BASIS

The STRABAG SE share

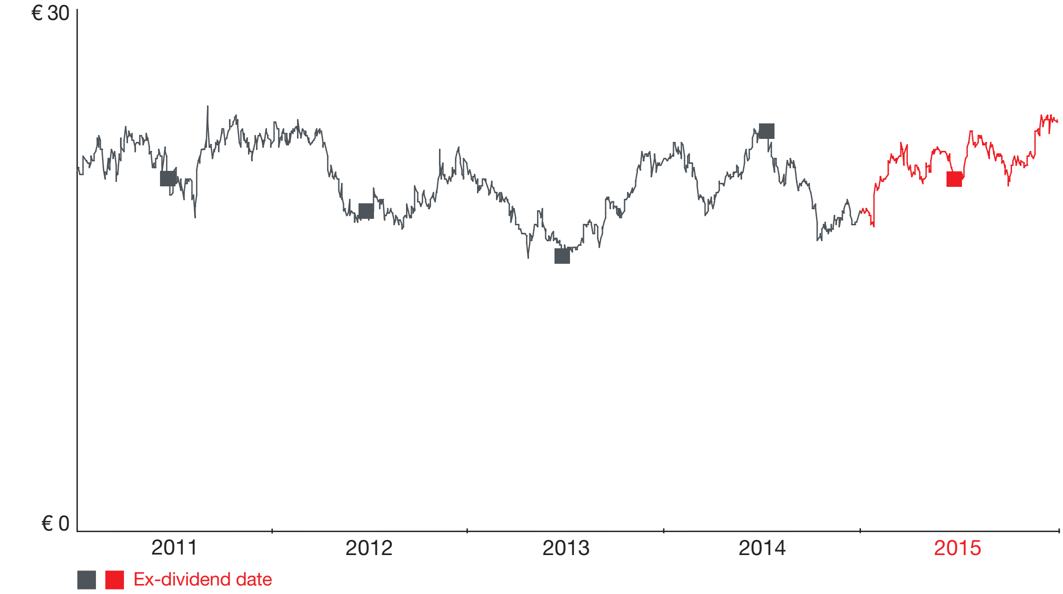
DEVELOPMENT OF THE STRABAG SE SHARE PRICE AND OF THE BENCHMARK INDEXES 2015



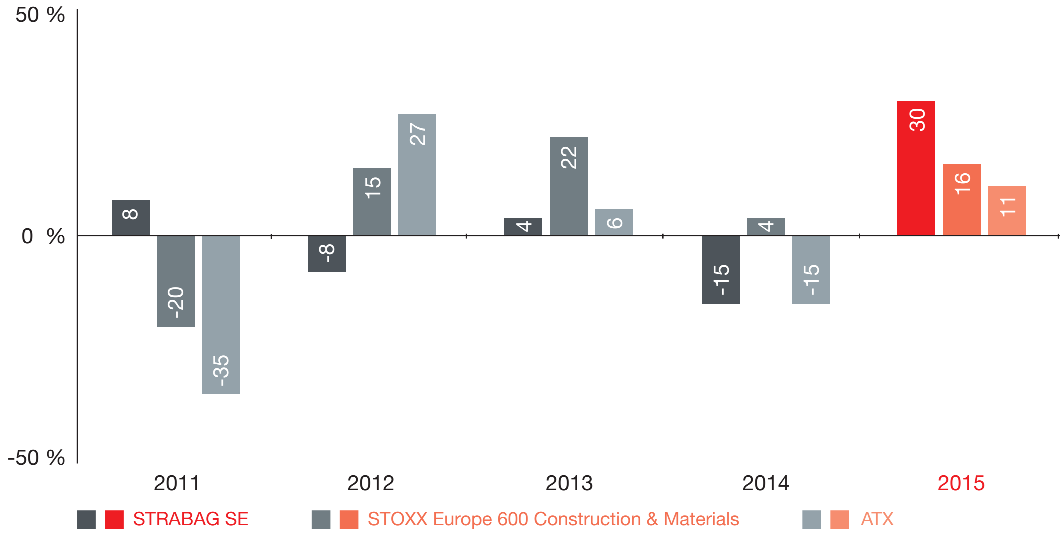
TRADE VOLUME OF STRABAG SE SHARES VERSUS SHARE PRICE 2015



LONG-TERM DEVELOPMENT OF STRABAG SE SHARE PRICE



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



2015 saw unusually large share price fluctuations on the stock markets – a reflection of the insecure political and economic climate. Seen globally, and measured by the **MSCI World** Index, share price levels, despite various occurrences and volatile price movements, changed very little. After a broad upswing in the first third of the year, which led to the year's highs in the months of April and May, weak economic data negatively impacted the mood on the markets and brought share price declines in the second half of the year. These intensified greatly as of the middle of the third quarter, as the devaluation of the Chinese currency further exacerbated the economic concerns already present on the market. In the fourth quarter, stabilisation of the economic expectations initially resulted in a clear recovery of the share price levels; in the end, however, central bank policies and the continued oil price decline compelled investors to exercise greater restraint in December, which resulted in a further readjustment.

For the US stock market index **Dow Jones Industrial**, 2015 marked the end of an impressive series. Six years in a row, end-of-year share price levels had consistently been above the previous year's value. After a volatile 2015, the index closed the year down 2 % versus the end of 2014. In contrast to that, Europe saw economic growth accelerated by favourable exchange rates, a low oil price and an expansive policy by the European Central Bank (ECB). Various economic/political crises, however, repeatedly impacted the stock markets negatively over the course of the year. Overall, the development of share prices in Europe therefore did not deviate significantly from the global statistic. Due to growing concerns over the ECB's future policy, some of the share price gains made in the autumn were lost during the final weeks of 2015 so that the pan-European stock index **Eurostoxx 50** was able to grow by only 4 % – less than had been expected.

Although particularly hard hit by the turbulences surrounding the devaluation of the Chinese currency in the third quarter, the Japanese stock market index **Nikkei 225** closed the year up 9 %. A decisive factor for this development was the exchange rate development and its positive impact on Japan's export industry as well as the ongoing expansive policy of the Japanese central bank. With a plus of 10 %, the German blue chip index **DAX** managed to even slightly surpass the growth of the Nikkei 225 – although investors had to endure quite a rollercoaster ride: the first quarter's spectacular gains were shed completely in the third quarter and price levels did not return to growth until the fourth quarter.

A similar development could be observed on the Vienna Stock Exchange, which had initially got off to a good start in 2015. A series of positive factors, such as the favourable financial performance of the listed companies, the improved pan-European economic situation, the increased export opportunities resulting from the euro's devaluation, and the expansive policy of the ECB, combined to allow the **ATX** to grow through the middle of May. Under the influence of global factors, however, a large portion of these gains were again shed by the end of the third quarter. But solid fourth-quarter growth helped to secure a plus of 11 % over the full year. A major contribution to this growth came from the resurgent interest in the Vienna Stock Exchange from international investors, resulting in an expansion of the stock turnover by about 22 %.

STRABAG SE share at year's end: € 23.58

With a plus of 30 %, the **STRABAG SE share** not only surpassed the performance of the blue chip index ATX, but also that of the industry index **STOXX Europe 600 Construction & Materials**, which grew by 16 %. After a period of volatility, the STRABAG SE share embarked on a year-end rally to close at € 23.58, a level near its 2015 high.

KEY SHARE INDICATORS

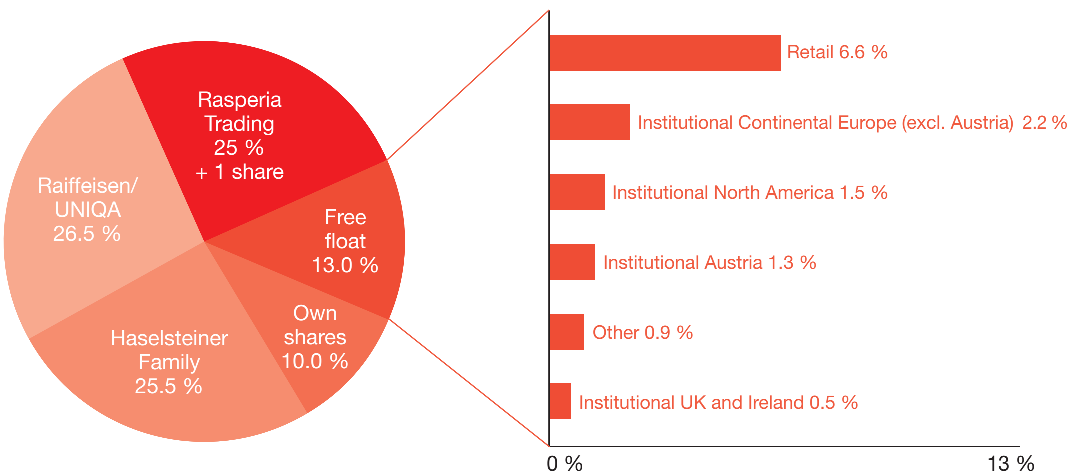
Share figures	2011	2012	2013	2014	2015
Closing price on 31 December (€)	22.11	20.43	21.32	18.18	23.58
Year's high (€)	24.30	23.50	21.70	23.13	23.88
Year's low (€)	17.90	17.20	15.59	16.55	17.45
Number of outstanding bearer shares on 31 December (shares)	105,224,733	103,087,657	102,599,997	102,599,997	102,599,997
Number of outstanding bearer shares, weighted (shares)	111,424,186	104,083,238	102,716,850	102,599,997	102,599,997
Market capitalisation on 31 December (€ billion)	2.5	2.1	2.2	1.9	2.4
Average trade volume per day (€ million)[1]	3.3	1.0	1.0	0.8	0.6
Number of STRABAG SE shares traded (shares)[1]	38,742,980	12,759,384	13,481,520	9,747,782	7,261,792
Volume of STRABAG SE shares traded (€ billion)[1]	0.8	0.3	0.2	0.2	0.2
P/E ratio on 31 December	13	35	19	15	16
Earnings per share (€)	1.75	0.58	1.11	1.25	1.52
Book value per share (€)	27.9	27.8	28.4	28.1	29.6
Price-to-book ratio	0.8	0.7	0.8	0.7	0.8
Cash flow from operating activities per share (€)	4.5	2.6	6.8	7.8	12.1
Proposed dividend per share (€)	0.60	0.20	0.45	0.50	0.65
Dividend payout ratio (%)	34	34	41	40	43
Dividend yield (%)	2.7	1.0	2.1	2.8	2.8
Share capital (€ million)	114	114	114	114	114
Weight in ATX (%)	1.75	1.22	1.22	n. a.	n. a.
Weight in ATX-Prime (%)	1.57	1.12	1.08	1.11	1.34
Weight in WBI (%)	3.89	2.94	2.89	2.66	3.12

Share price below book value

Shareholder structure

SHAREHOLDER STRUCTURE AS AT 31 DECEMBER 2015

DISTRIBUTION OF THE FREE FLOAT BY JANUARY 2016



1) double count

The **core shareholder structure** did not change in this past financial year. The Haselsteiner Family, the Raiffeisen and Uniqa Group, and Rasperia Trading Ltd. continue to hold about 77 % of the share capital. As far as we know, no investor other than the core shareholders holds more than 5 % of the company.

Own shares as acquisition currency

As a result of the **share buyback programme** that was started in July 2011 and which ended on 23 May 2013, STRABAG SE held 10.0 % or 11,400,000 own shares as at 31 December 2015. The shares, intended for use as acquisition currency, were continuously bought back on the stock market and over the counter, or acquired directly from the free float shareholders. This alternative has not yet been exercised, which leaves the volume of the free float at 13.0 %.

In January 2016, we commissioned a shareholder ID to learn more about the distribution of our **free float**. The analysis revealed that 6.6 % of STRABAG SE shares were in the hands of the retail public – once again more than with institutional investors. The institutional free float is allotted to 2.2 % to investors from continental Europe, 1.5 % from North America and 1.3 % from Austria. The percentage of shares allotted to Austrian institutional investors has thus nearly doubled over the previous year (0.7 %). At 0.5 %, investors from the UK and Ireland continue to play a subordinate role.

Annual General Meeting

With 100 % and over 99.9 % of the votes cast, the 2015 Annual General Meeting approved the actions of the Management and Supervisory Boards, selected the financial auditor, and decided on the payment of a dividend in the amount of € 0.50 per no-par share for the 2014 financial year. The Annual General Meeting also elected the following persons as members of the Supervisory Board of STRABAG SE: Hannes Bogner (98.6 % of the votes cast), Kerstin Gelbmann (99.6 %), Alfred Gusenbauer (98.6 %) and William R. Spiegelberger (99.7 %). A total of 753 registrations representing 90,198,318 no-par shares were made for the Annual General Meeting.

ANNUAL GENERAL MEETING TAKES PLACE ON 10 JUNE 2016

The next Annual General Meeting will be held at Austria Center Vienna at 10:00 a.m. CEST on 10 June 2016. Shareholders wishing to attend are requested to provide proof of shareholder status with their bank by 31 May 2016. Details regarding the correct procedure can be found on our website at www.strabag.com > Investor Relations > Annual General Meeting.

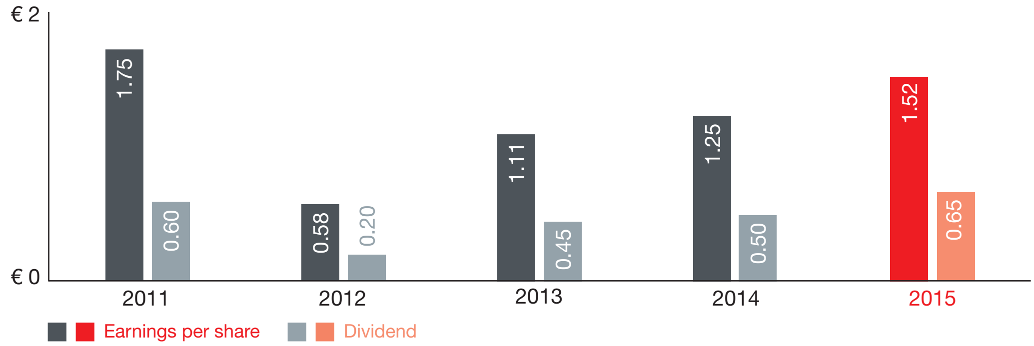
Dividend

Dividend: € 0.65 per share

STRABAG places great value on a constant dividend policy. The Management Board is keeping to its goal of paying out 30–50 % of the net income after minorities to company shareholders in the form of a dividend once a year. The exact payout ratio is determined by the general development of the business as well as by the group's opportunities for growth.

In accordance with this goal, the Management Board of STRABAG SE will propose to the Annual General Meeting of 10 June 2016 a dividend of € 0.65 per share for the 2015 financial year. This corresponds to a dividend payout ratio of 43 % and, based on the share price of € 23.58 on 31 December 2015, a dividend yield of 2.8 %. The ex-dividend date has been set for 17 June 2016, the dividend payment date for 21 June 2016.

EARNINGS PER SHARE AND DIVIDEND



Bonds

OVERVIEW OF THE LISTED BONDS

Term	Interest %	Volume € mln.	ISIN	Exchange
2011–2018	4.75	175	AT0000A0PHV9	Vienna
2012–2019	4.25	100	AT0000A0V7D8	Vienna
2013–2020	3.00	200	AT0000A109Z8	Vienna
2015–2022	1.625	200	AT0000A1C741	Vienna

STRABAG SE (and its predecessor, FIMAG) has to date issued twelve corporate bonds, of which four are still listed. STRABAG continued its years-long strategy of bond issues with its most recent issue of a € 200 million 2015–2022 bond carrying a coupon of 1.625 %.

S&P RAISED CORPORATE CREDIT RATING TO BBB

S&P Rating: BBB

STRABAG SE and its bonds are regularly rated by the international ratings agency Standard & Poor's (S&P). In November 2007, S&P raised the corporate credit rating for STRABAG SE from BB+ to BBB-, thus elevating STRABAG SE to "investment grade". In June 2015, S&P raised the credit rating another level to BBB with stable outlook. The ratings agency explained this step by pointing out that the important indicators had already significantly exceeded the requirements for the previous rating and that the forecasts indicated a continuation of this situation for the years to come. S&P sees STRABAG SE's strengths above all in the stable margins in an otherwise quite cyclical market environment, in the effective risk management and in the strong market positions.

Investor Relations

As we pursued our investor relations activities as persistently in 2015 as in the years before, investor interest also remained stable despite the lower trade activity of our share. In addition to the prescribed quarterly reports, we informed 98 capital market participants (2014: 100) in 58 (65) one-on-ones, telephone conferences and group talks. We took part in ten (eleven) **road shows** and **investor conferences** organised by Deutsche Bank, Erste Group, Kepler Cheuvreux, MainFirst, Raiffeisen Centrobank and WOOD & Company and conducted investor talks in places such as London, Frankfurt, Berlin, Zurich, Warsaw, Prague and Vienna.

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

WE ARE IN CONSTANT CONTACT WITH OUR INVESTORS

Not only are we in constant e-mail and telephone contact with our institutional investors and analysts, we also provide extensive information to our private investors. We do so among other things by offering web and audio broadcasts of parts of our Annual General Meetings, investor conferences and press conferences on our website, and we try to reach our private shareholders and interested parties through a variety of different channels. In September 2015, for example, Thomas Birtel, the CEO of STRABAG SE, took part in a **private investor road show** in Vienna organised by Börse Social Network.

Every individual investor benefits from our taking the time to communicate with the market and to strive for constant improvement in our investor relations work – because excellent investor relations have a positive effect on the share price and reduce the amount of time required to form an opinion of the company. It is our goal to maintain the strength of our investor relations efforts, to keep a steady flow of information and, in so doing, to help the analysts for banks and institutional investors make correct assessments of STRABAG SE's shares and bonds.

Unpaid share coverage

Analyst research provides current as well as potential shareholders with a first indication of the assessment of STRABAG SE. We are therefore delighted that nine banks regularly analyse STRABAG SE – at no cost to the company – in order to issue target prices and recommendations for our shares:

- **Commerzbank**, Frankfurt (Norbert Kretlow)
- **Deutsche Bank**, Vienna (Matthias Pfeifenberger)
- **DZ Bank**, Frankfurt (Ingo Wermann)
- **Erste Group**, Vienna (Daniel Lion)
- **HSBC Trinkaus & Burkhardt**, Dusseldorf (Tobias Loskamp)
- **Kepler Cheuvreux**, Vienna (Stephan Trubrich)
- **LBBW**, Stuttgart (Jens Münstermann)
- **MainFirst Bank**, Frankfurt (Christian Korth)
- **Raiffeisen Centrobank**, Vienna (Markus Remis)

Additionally, credit analysts at these banks are currently covering our bonds:

- **Erste Group**, Vienna (Bernadett Povazsai-Römhild)
- **Raiffeisen Bank International**, Vienna (Igor Kovacic)

HOW TO RECEIVE INFORMATION ABOUT STRABAG SE

STRABAG SE's Investor Relations department reports directly to the CEO and sees itself as the service department for existing and potential private shareholders, institutional investors and analysts, as well as the point of contact for capital market issues for the group's operating units. For us, quick response times, comprehensive information and a constant dialogue with the capital market and the general public are a matter of course. We place great importance on informing all shareholder groups quickly and simultaneously. To achieve this, we publish all company-relevant news on our website at the same time that we send our **Investor Relations newsletter** per e-mail. If you would like to receive this information, please register on the Investor Relations page on our website www.strabag.com or give us a call.

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

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

- Up-to-date road show documents
- Company presentations
- Analyst consensus recommendations
- Complete versions of the credit research reports
- Live broadcasts and recordings of telephone and investor conferences
- Stock calculator
- Subscription to receive daily share price information
- Individual share price charts
- Download versions of the Annual Reports and Interim Reports
- Order form for the print versions of our publications
- Financial calendar

GROUP MANAGEMENT REPORT

Important events

JANUARY

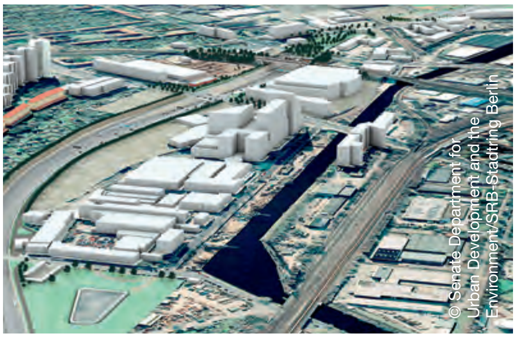
STRABAG SE issues € 200 million corporate bond

STRABAG SE has issued a € 200 million corporate bond. The fixed-interest bond has a term to maturity of seven years and a coupon of 1.625 % p.a. The issue price has been set at 101.212 %. This issuance continued the company's years-long bond issue strategy. The proceeds from the issue, which were used for general business purposes such as refinancing the 2010 bond or making investments in property, plant and equipment, allow STRABAG SE to maintain its optimal financing structure.

FEBRUARY

Züblin building further section of A 100 motorway in Berlin

Ed. Züblin AG, a subsidiary of the STRABAG Group, has been awarded the contract to build Construction Section 16, Contract Section 4, of the urban A 100 motorway in Berlin by the Berlin Senate Department for Urban Development and the Environment. This follows the award for Contract Section 2/3, which in 2014 also went to Züblin. The contract for the new section amounts to about € 44 million.



View: Panel 5 from the north

Contract to build a section of the motorway A3 in Romania

STRABAG has been awarded the contract to build the Romanian A3 motorway between Ungheni and Ogra. The 10.1 km section has a contract value of € 57 million (approximately RON 251 million). The company holds a majority stake in and is leader of the construction consortium.

STRABAG building Rhone Oberwald power plant in Switzerland

STRABAG AG is building a 14 MW run-of-the-river hydroelectric plant in the Swiss canton of Valais. The contract value of € 37 million (CHF 38 million) comprises the construction of the necessary tunnels, galleries and underground chambers. The tunnels and galleries will be excavated in the Aarmassif of the Swiss Alps through boring and blasting. The plant is to be handed over to Valais utility company FMV SA by September 2017.

Preparation for the construction works in the Swiss Alps

MARCH

STRABAG subsidiary NIMAB building 236 apartments in Malmö under partnering model

NIMAB Entreprenad AB of Sjöbo, Sweden, has been commissioned to build two new apartment buildings on behalf of Ikano Bostad AB of Stockholm. Both projects are situated in Malmö, Sweden's third-largest city, and include a total of 236 apartments as well as a number of business premises. The two projects will be performed turnkey in close collaboration with Ikano Bostad under the STRABAG teamconcept partnering model. Construction work on the "Alvine" project will begin in June 2015 and will be finished early in 2017. "Alvine" will be built as a single linked housing body of varying height. The project comprises a total of 123 apartments arranged around a central courtyard. Construction of "Mjölner", a residential and commercial project at Hyllie Allétorg, began in the autumn of 2014 and will be finished in the summer of 2016. The project comprises 113 apartments and seven business premises.

NIMAB project "Alvine" in Malmö (Sweden)

Two new motorway orders for € 24 million in Czech Republic

STRABAG a.s., the Czech subsidiary of STRABAG SE, has been awarded two new motorway contracts in the Czech Republic as part of a consortium. The companies will build two sections of the D3 motorway linking Prague with southern Bohemia. Client for both contracts is the Road and Motorway Directorate of the Czech Republic. The section between Veselí nad Lužnicí and Bošilec is worth a total of € 23 million (CZK 635 million), of which STRABAG holds a 55 % share (about € 12.7 million). The section measures 5,125 m in length. The second contract involves the 3,160 m section between Borek and Úsilné. STRABAG's share of 45 % amounts to about € 11.7 million (around CZK 322 million).

JUNE

S&P upgrades STRABAG SE from BBB- to BBB

The international rating agency Standard & Poor's (S&P) has raised the credit rating of STRABAG SE by one level from BBB- to BBB. The outlook remains at "stable". S&P explained its decision by pointing out that the important indicators had already significantly exceeded the requirements of the previous rating and that the forecasts indicated a continuation of this situation for the years to come. The agency sees STRABAG SE's strengths above all in its stable margins in an otherwise cyclical market environment, in its effective risk management and in its strong market positions.

STRABAG widening A3 in southern Germany to six lanes for € 90 million

STRABAG has been awarded the contract to widen two sections of the A3 motorway in Germany with a total contract value of about € 90 million. Contract section EO 287 foresees STRABAG expanding the federal motorway to six lanes along the 5.7 km from the Heidingsfeld interchange in Bavaria to Randersacker Bridge. Additionally STRABAG recently started work on the A3 contract section EO 259, an 8.5 km stretch of motorway near Wertheim in Baden-Württemberg. This contract involves the expansion of the asphalt roadway from four to six lanes.

Asphalt works A3 Nuremberg–Frankfurt near Würzburg

Züblin extends sewer network in Singapore

The pipe jacking division of Ed. Züblin AG, a subsidiary of construction group STRABAG, expands the 9.8 km long sewer network of Singapore for € 85 million. All prefabricated elements, like pipes and rings of tubbings, will be produced and delivered by the Züblin-owned factory in Malaysia. The pipe jacking method is also called dynamic ramming technique. With this method, concrete or steel pipes may be laid non-disruptively. It is especially suited for installations with relatively small diameters. This project involves diameters between 30 cm and 3.1 m.

Breakthrough with pipe jacking method

JULY

STRABAG enters the Colombian market with a € 900 million concession project

ANI, Colombia's national infrastructure agency, has awarded the contract to design, build, finance and operate a 176 km road over 25 years to a consortium, where STRABAG holds 37.5 %. The financial close is expected for the fourth quarter of 2016, the total investment volume is around € 900 million. STRABAG will likely contribute equity and junior loans of slightly more than € 50 million. The construction volume amounts to a middle triple-digit million euro amount. Of this sum, STRABAG's share comes to 37.5 %, too. In addition to partial revenues in the form of hard toll collections, the consortium will receive annual payments from ANI for its services.

Existing bridge on the section which is going to be modernised

A10 Oswaldibergtunnel for € 34 million upgraded by STRABAG

STRABAG will modernise the A10 Oswaldibergtunnel for ASFINAG, Austria's national motorway operator. The two tubes, each with a length of 4.3 km, will be upgraded between July 2015 and June 2017 to represent state of the art technology; in particular, with respect to tunnel safety standards. The contract has a volume of € 34 million. It includes the redevelopment measures in the fields of road construction, tunnelling and building construction as well as the reinstallation of the entire electrical and mechanical equipment (E&M).

AUGUST

Contract for section of A1 in Poland for € 118 million

A Polish STRABAG-subsidiary will build the 15 km section between Woźniki and Pyrzowice within a period of 30 months. The contract comprises the construction of the concrete motorway as well as one maintenance facility, two rest stops, 29 bridge structures and several wildlife crossings. The opening in mid-2018 will mark the completion of another portion of the Trans-European Network (TEN).

SEPTEMBER

Center Communication Systems to extend tunnel transmitter system for Vienna underground

The 100 % subsidiary of STRABAG AG, in the meantime renamed to STRABAG Infrastructure & Safety Solutions, has been awarded the largest contract – contract value: € 17.5 million – in its company history. The specialist for mission-critical communication systems and security solutions has been commissioned by Wiener Linien, the public transport operator in Vienna, to modernise and extend the tunnel transmitter system for the underground metropolitan railway (U-Bahn) in the Austrian capital. During the period between August 2015 and July 2020 78.5 km of the underground network with more than 100 stations will be equipped.

Vienna U-Bahn Station

STRABAG enters the Romanian project development market

The Romanian group company STRABAG SRL took over the development team of Raiffeisen evolution in Bucharest. The team had successfully developed the Sky Tower and the Promenada Mall in Bucharest. The group company STRABAG Real Estate is already one of the leading project development organisations in Germany. With this new step, STRABAG continues to consolidate its position on the European project development market.

OCTOBER

Design and construction of a 24 km long section of S6 in Poland

The S6 expressway is the main traffic artery between eastern and western Poland. STRABAG will design and build the 24 km long section between Goleniów and Koszalin for about € 83 million. Construction of the dual carriageway asphalt road will take place between November 2015 and June 2019. The contract includes expressway junctions, rest areas and numerous civil engineering structures such as overpasses, bridges and wildlife crossings.

DECEMBER

STRABAG SE agrees with minority shareholders on 100 % takeover of Ed. Züblin AG

STRABAG SE, as majority shareholder of Ed. Züblin AG, announced that it expects in all probability to reach a contractual agreement with the minority shareholders of Züblin on a complete takeover of the shares held by the latter in the Stuttgart/Germany-based company (42.74 %).

In April 2016, a share purchase agreement was concluded with the minority shareholders of Stuttgart-based Ed. Züblin AG covering 42.74 % of the holdings in the company. The STRABAG Group has thus increased its stake in Züblin from 57.3 % to 94.9 %. The remaining shares were acquired by a core shareholder of STRABAG SE.

The buyers agreed a fixed strike price totalling EUR 210.3 million. The agreement also includes a provision for a variable purchase price portion of up to EUR 114.0 million, to be determined depending on the respective net income after minorities of Ed. Züblin AG in each of the years 2015 to 2019.

STRABAG subsidiary Züblin to expand world's largest copper mine in Chile

Züblin International has been awarded a follow-up contract by Codelco, the world's largest copper producer, to expand El Teniente Mine in Rancagua, 80 km south of the capital Santiago de Chile. Züblin has already been carrying out extensive tunnelling works at the mine since March 2014. The new € 100 million contract will make Züblin one of the leading construction companies in underground mining in Chile.

Country report

DIVERSIFYING THE COUNTRY RISK

Output volume up 5 % to € 14.3 billion

Despite the strong presence in its home markets of Austria and Germany, STRABAG sees itself as a European-based company. The group has been active in Central and Eastern Europe for several 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 possible to export the technology and equipment and to use them in new regions at low cost and effort. In order to diversify the country risk even further, and to profit from the market opportunities in other parts of the world, STRABAG intends to intensify especially its international business, i.e. its activities in countries outside of Europe.

The STRABAG SE Group generated an output volume of € 14.3 billion in the 2015 financial year, a plus of 5 % over the previous year. Thanks to several large projects, Slovakia stood out with especially high gains, although market conditions in the Czech Republic and Poland also made for very positive growth in those countries. In Germany, the higher output volume was largely a result of the acquisition of the facility management company DIW Group in late 2014.

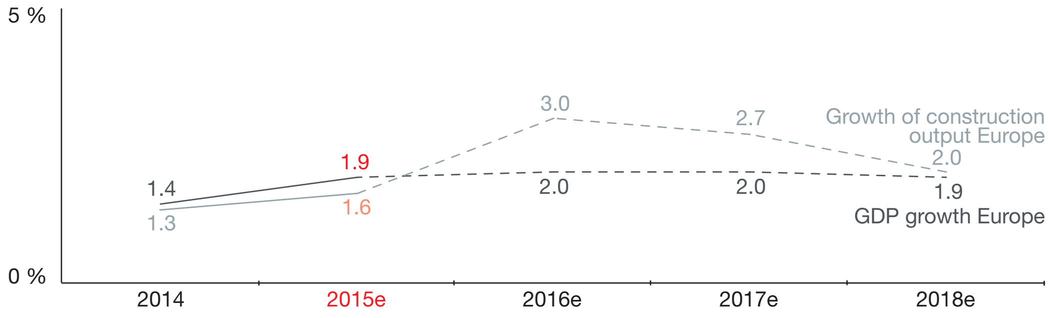
OUTPUT VOLUME BY COUNTRY

€ mln.	2015	% of total output volume 2015	2014	% of total output volume 2014	Δ %	Δ absolute
Germany	6,256	44	6,080	45	3	176
Austria	2,003	14	2,058	15	-3	-55
Poland	941	7	817	6	15	124
Czech Republic	765	5	620	5	23	145
Slovakia	716	5	427	3	68	289
Hungary	594	4	544	4	9	50
Switzerland	343	2	359	3	-4	-16
Middle East	315	2	272	2	16	43
Americas	310	2	255	2	22	55
Benelux	302	2	324	2	-7	-22
Romania	241	2	181	1	33	60
Sweden	240	2	271	2	-11	-31
Russia and Neighbouring Countries	230	2	302	2	-24	-72
Denmark	219	2	197	1	11	22
Italy	188	1	179	1	5	9
Rest of Europe	168	1	169	1	-1	-1
Africa	120	1	158	1	-24	-38
Slowenia	98	1	68	1	44	30
Asia	92	1	87	1	6	5
Croatia	68	0	121	1	-44	-53
Serbia	46	0	38	0	21	8
Bulgaria	35	0	39	0	-10	-4
Total	**14,290**	**100**	**13,566**	**100**[1]	**5**	**724**

1) Rounding differences are possible.

EUROPE ON A MODERATE GROWTH PATH[1)]

GROWTH COMPARISON CONSTRUCTION VS. GDP EUROPE



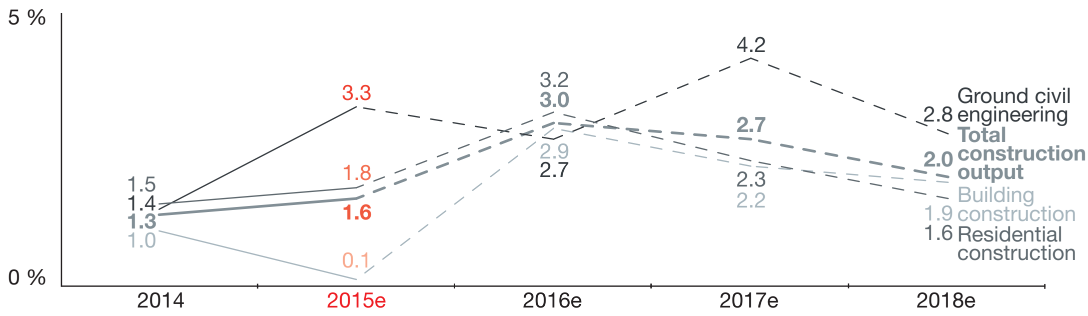
The economic slowdown in the newly emerging market countries, such as China and Brazil, weakened both global **growth** as well as growth in the eurozone. The **economy** of the 19 Euroconstruct countries – buoyed up by the low price of oil, a favourable euro exchange rate, and the European Central Bank's expansive monetary policy – grew by 1.9 %. However, the low investment activity level will dampen any further growth opportunities in the euro area. While the domestic markets are helping to drive economic growth, foreign trade has been losing significant momentum. Additionally, the lack of coordination mechanisms on economic policy have resulted in an increased drifting apart of the economic development within the Eurozone. While reform-minded countries such as Spain or Ireland continued to grow significantly more strongly than the average, and Germany's economic growth (GDP) was in the European midfield, GDP growth in France, Italy and Austria remained below average. The countries of Central and Eastern Europe, on the other hand, registered renewed growth above the 3 % mark.

Growth of 2.0 % is forecast for Europe in 2016, with stable development for 2017.

In line with the development of the economy as a whole, the European **construction industry** is also expected to grow continuously until at least 2018. The construction output registered an overall plus of 1.6 % in 2015. This figure is expected to rise to 3.0 % in 2016 and continue with attractive growth until 2018. On a country by country basis, this development again was quite heterogeneous. Below the line, the strong growth of the CEE countries, Ireland, Sweden and the Netherlands was able to compensate for the declines in Western Europe. While construction output in 2015 was down in France and stagnated in Germany, the six largest construction markets in the eurozone – Germany, the United Kingdom, France, Italy, Spain and Poland – are expected to return to significant growth in 2016. This growth will be carried primarily by residential construction, which is likely to be driven by the refugee crisis and the resulting demand for additional residential space.

CONSTRUCTION INDUSTRY AGAIN PICKING UP SPEED IN ALL SECTORS

DEVELOPMENT OF CONSTRUCTION SECTOR EUROPE



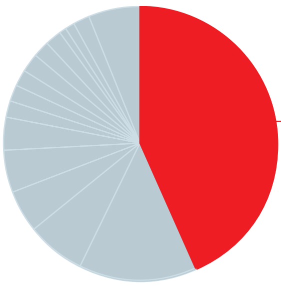
1) All growth forecasts as well as the particular national construction volumes are taken from the Euroconstruct and EECFA winter 2015 reports. The indicated market share data are based on the data from the year 2014.

The growth of the European construction industry in 2015 was driven by **ground civil engineering**, which gained 3.3 % last year after strong declines in the recent past. The countries of Central and Eastern Europe, as a consequence of efforts to exploit all available EU funds under the expiring infrastructure programme, registered the highest growth rates. Growth therefore came primarily from new construction, as numerous infrastructures projects that had been postponed are now being realised. The ground civil engineering sector should also continue to report the strongest growth in the years to come. Particularly in Poland, this sector is expected to considerably accelerate its growth and even reach double-digit rates by the year 2018.

On the other hand, the overall economic growth has not proved strong enough so far to adequately stimulate **building construction**. This sector in 2015 stagnated at +0.1 % in the 19 Euroconstruct countries overall, although the declines in new construction could be compensated for by growth in renovations. While business shrank considerably in large countries such as Germany and Spain, solid growth rates were reported from Ireland, the Netherlands, and especially Poland and the Czech Republic. Against the backdrop of the positive economic development, growth of 2.9 % is expected in the European building construction sector in 2016. Finland should grow the strongest, followed by Ireland, Belgium and the Czech Republic.

The **residential construction** sector had grown in line with the other two sectors in 2014, contributing more than 46 % to the total output volume. In 2015, however, this sector remained significantly behind ground civil engineering. The plus reached a rate of 1.8 %, although stronger growth is again expected for the years to come. Residential construction should grow by 3.2 % already in 2016 and so assume the lead position ahead of ground civil engineering. This development can be explained primarily by the continuing high level of immigration and the resulting demand for residential space, especially in Germany, the Netherlands, Finland and Sweden. The strongest growth in this sector was registered in Ireland, although Spain and Portugal were also able to catch up again. The Central and Eastern European markets, led by Hungary and Poland, also exhibited high levels of growth. Growth in this region is again expected to exceed 4 % in 2017.

GERMANY



Overall construction volume:	€ 293.6 billion
GDP growth:	2015e: 1.8 % / 2016e: 1.8 %
Construction growth:	2015e: 0.4 % / 2016e: 2.0 %

With GDP growth of 1.8 % on a higher domestic consumption, the German economy surpassed the forecasts (+1.2 %) in 2015. However, the slow growth of the developing countries, above all China, had a negative impact on the results of Germany's export industry. For the coming year, Euroconstruct expects the GDP growth to again reach 1.8 %. A number of open questions remain, however, particularly concerning the development of the currently weak euro and the extremely low interest rates, but also as regards the impact of geopolitical crises.

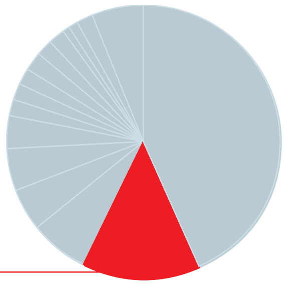
Following the strong upswing of the previous year (+2.4 %), the German construction sector experienced a deceleration in 2015. The comparably modest plus of 0.4 % reflects the budget situation of the federal and local governments, whose financial capacities were and are burdened by the renewed aggravation of the euro crisis, on the one hand, and the unexpectedly massive influx of refugees, on the other. At the same time, this immigration contributed to growth of 2.0 % in residential construction, with a plus of 2.3 % forecast for 2016. As market leader in the German building construction sector, the STRABAG Group should also profit from this development, although an estimate of the exact extent cannot yet be determined.

Building construction had to suffer a decline of 1.8 % in the period under report. A number of political decisions with serious ramifications, such as the lowering of the retirement age, the reform of the inheritance tax and the introduction of higher minimum wages, have resulted in a reluctance among investors to engage in construction projects. Growth of 1.2 % should be possible again in 2016, however.

The weakest development in 2015 was registered in ground civil engineering, although the minus of 1.2 % must be seen against the extremely strong growth of the previous year (+4.7 %). Driving the development in this sector is the telecommunications industry, which is investing heavily in the expansion of broadband coverage and should receive substantial federal subsidies to do so in the coming years (total of € 2.1 billion until 2018). The experts are therefore forecasting another significant plus of 2.1 % for 2016.

The STRABAG Group is market leader in Germany, with a 2.1 % share of the market. The share of the German road construction market even amounts to 4.4 %. With € 6,256.11 million, the group generated about 44 % of its total output volume in Germany in 2015. Most of this is assigned to the segment North + West. Property and facility services in Germany are listed under International + Special Divisions.

AUSTRIA



Overall construction volume:	€ 32.9 billion
GDP growth:	2015e: 0.7 % / 2016e: 1.4 %
Construction growth:	2015e: 0.2 % / 2016e: 1.0 %

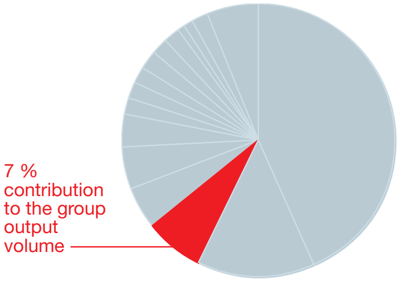
With GDP growth of 0.7 %, Austria came in second to last of the euro countries in 2015. Only Finland, with growth of just 0.4 %, ended the year at a lower level. Despite a good export situation, driven by the weak euro, Austria was unable to fully participate in the general economic upswing of the EU. For 2016, the Euroconstruct experts also foresee only moderate growth of up to 1.4 %. There are several explanations for this hesitant development. One of these is the extensive tax reform that went into effect on 1 January 2016. The reform is intended to stimulate private consumption, although higher tax burdens and budget cuts may end up predominating below the line. Added to this is the unexpected budget burden from the refugee crisis – per capita, Austria has taken on as many asylum seekers as Germany.

Although the construction sector was able to register a slight plus of 0.2 % in 2015 overall, residential construction reported a minus for the third year in a row – albeit a reduced minus of -0.2 %. The residential construction offensive announced by the government, which started in January 2016 and should result in about 30,000 additional housing units by the year 2020, should generate annual growth between 1.0 % and 1.4 % in the future. Building construction was able to grow slightly by +0.9 % in 2015 after two negative years (-2.0 % and -2.1 %), and annual growth rates above 1.0 % are again expected as of 2016.

The result of the ground civil engineering sector (+/-0.0 %) reflects the mixed situation on the market. On the one hand, strong investments have been made in the expansion of road and rail and are likely to continue until 2017. On the other hand, the low energy prices in the energy and water sector make investments here seem so unprofitable that only the subsector of wastewater management is able to register positive figures through renovations and modernisation activities. For the coming years, therefore, Euroconstruct also expects to see only minimal growth rates near the level of stagnation in ground civil engineering.

The STRABAG Group generated a total of 14 % of the group output volume in its home market of Austria in 2015 (2014: 15 %). Austria thus continues to be one of the company's top three markets, along with Germany and Poland. The output in 2015 reached a volume of € 2,002.98 million. With a share of 6.3 %, STRABAG is the number two on the Austrian market. The share of the road construction market amounts to 10.7 %.

POLAND



Overall construction volume:	€ 45.5 billion
GDP growth:	2015e: 3.5 % / 2016e: 3.4 %
Construction growth:	2015e: 5.6 % / 2016e: 7.4 %

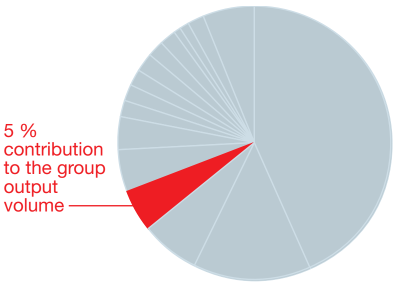
In contrast to most other EU states, Poland did not have to adjust its economic forecasts downwards but upwards in the year under report. As in the year before, Poland's GDP growth stood at about 3.5 % – and a similar level is forecast for the years 2016 and 2017. This development can be traced to the steadily rising domestic demand, solid investment activity, and growing consumption – the latter also as a consequence of falling unemployment figures. But the strongest factor behind Poland's positive economic development in 2015 was the dramatic increase in net exports, while EU structural funds should make for additional investments and further growth in the years to come.

With an overall plus of 5.6 %, the Polish construction industry in 2015 grew at above-average rates as it had the year before. A decisive contribution to the construction boom came not least from the low credit and mortgage rates, which stimulated the Polish real estate market and residential construction (+5.2 %) in particular. The building construction sector was also able to repeat its positive development of the previous year, with growth of 3.9 % in 2015.

For 2016, however, Euroconstruct expects to see a shift away from residential construction (which is forecast to grow by "only" 4.0 %) towards ground civil engineering, which was already able to gain a considerable 8.0 % in the past year. This despite the fact that the increased investments – promised before the elections – in the road and rail networks and in new energy and water plants have not been implemented to date. Instead, investments were made primarily in sports and recreational facilities, pipelines, and communications and electricity networks. Should the government finally realise its promises, the Euroconstruct forecast for growth of 14.9 % and 13.5 % in this sector for the next two years, respectively, seems perfectly realistic.

As the number three in the Polish construction sector, the STRABAG Group also benefits from the upswing in this market. The country contributed € 940.76 million, or 7 %, to the overall output volume of the company in 2015, making it the third largest market for the STRABAG Group. The company's share of the entire Polish construction market amounted to 1.9 %, in road construction it is 4.1 %.

CZECH REPUBLIC



Overall construction volume:	€ 17.2 billion
GDP growth:	2015e: 3.8 % / 2016e: 2.5 %
Construction growth:	2015e: 7.4 % / 2016e: 3.3 %

The figures for 2015 finally prove that, after five negative years, the year under report had truly been a turnaround year for the Czech Republic. With GDP growth of 3.8 %, the country is clearly above the EU average. The Czech National Bank's policy of intervention, which has kept the koruna deliberately weak versus the euro since 2013 and probably until the end of 2016, has made for a low level of exchange rate volatility and more planning certainty for possible investments. Other factors, such as EU subsidies, a VAT reduction to 10 % on several product groups, higher salaries and the low price of oil, have also contributed to the currently overall positive situation. These factors will fall away in the medium term, however, so that only moderate growth of about 2.5 % is forecast for the years to come.

The Czech construction industry can also celebrate a revival. With a plus of 7.4 %, generated by all three sectors of residential construction, building construction and ground civil engineering, the construction activity in the country is back at or above the levels before 2008. Additional yet moderate growth rates of about 3.3 % and 3.4 % are expected for the next two years.

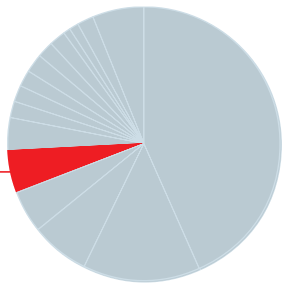
The weakest of the three sectors in 2015 was residential construction, although it did reach a solid plus of 3.3 %. Interest rates have continued to be extremely affordable, resulting in records in the number and volume of newly approved mortgage loans. The higher fiscal burdens – e.g. from the real estate acquisition tax – naturally had a dampening effect.

Building construction showed itself to be even more solid. The plus of 4.2 % (versus +4.0 % the year before) is an affirmation of the trust which the mainly private investors have in the country, currently one of the most attractive investment markets in Central and Eastern Europe. The project lists are topped by shopping centres, warehouses and office buildings, the latter especially in Prague.

The top sector in the year under report was ground civil engineering, with growth of 15.7 %. But this boom has an expiry date. As applications for funding out of the EU's "Transport" programme could only be made until the end of 2015, the activity in this sector shot up significantly. A reduction to a realistic level of +2.2 % is expected in 2016, to be made up of investments in rail expansion, sewer works, wastewater treatment facilities and flood control.

In the Czech Republic, STRABAG is the number two on the market. With an output volume of € 764.60 million, about 5 % of the group's total output volume was accounted for by the Czech market in 2015. The group's share of the entire construction market stood at 3.9 %; in road construction this figure even reached 8.7 %.

SLOVAKIA



Overall construction volume:	€ 4.7 billion
GDP growth:	2015e: 3.2 % / 2016e: 3.1 %
Construction growth:	2015e: 10.3 % / 2016e: -1.1 %

The Slovak economy profited from the ECB's monetary policy and from the low price of oil in 2015, resulting in GDP growth of 3.2 % – significantly above the EU average. In spite of the ongoing geopolitical problems and the possibility of weaker global economic growth, the experts continue to expect growth of around 3.0 % for the years to come on the basis of higher private consumption and increased exports. The decline in state investments should be at least partially compensated for by private investor activities.

The positive economic development was also reflected in the Slovak construction sector, which grew by 10.3 % in the year under report for the first positive development in several years. It is to be expected, however, that many investments from the public sector, e.g. for the construction of schools and kindergartens, as well as EU subsidies, were a one-time commitment and will have no long-term impact. Euroconstruct is therefore already forecasting a 1.1 % decline of the construction output for 2016.

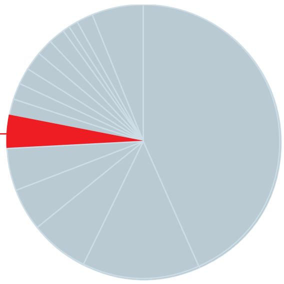
Despite the positive development of the economy as a whole, the negative trend in residential construction continued in 2015 with a minus of 3.1 %. Starting in 2016, however, various public-sector measures, such as more affordable mortgage loans as well as state and EU subsidies, should take hold and so effect a turnaround. The high demand for thermal insulation, growing quality standards, and requirements to reduce energy consumption further support the positive outlook. This holds the promise of a slight plus of 0.7 % for 2016 and growth of 1.6 % for 2017.

Although the building construction sector also continues to struggle with a lack of financial resources, the forecasted recovery already began in 2015. The plus of 1.3 % represents the beginning of a positive development with the expectation that the trend will also continue for the next two years.

Ground civil engineering was the only sector to register positive growth in 2015. And this growth was considerable. State investments in transportation infrastructures and EU subsidies, in particular for the completion of long-delayed road construction projects and for the construction of new motorways, generated a plus of 36.4 %.

With a market share of 10 % and an output volume of € 716.34 million in 2015, STRABAG is the market leader in Slovakia. In road construction, STRABAG's market share even reached 14.3 %. Slovakia contributed 5 % to the group's total output volume in 2015.

HUNGARY



Overall construction volume: € 8.8 billion
GDP growth: 2015e: 3.2 % / 2016e: 2.5 %
Construction growth: 2015e: 3.1 % / 2016e: 0.4 %

The upswing which has characterised the Hungarian economy since 2014 continued in the year under report. The GDP growth of 3.2 % achieved in 2015, however, was largely based on temporary factors. In 2015, Hungary received the maximum EU transfers, private consumption was up – this coincided with an election year – significantly, and the agricultural sector was able to report an excellent harvest. Nevertheless, the consequences of Hungary's past economic policies are noticeable. Capital and labour are leaving the country, competitive restrictions are aggravating supply, and there are increasing problems with public services.

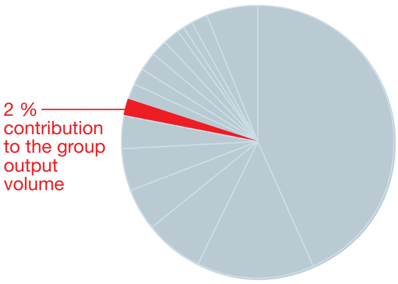
The EU was the driving force in Hungary's construction industry in 2015, financing public buildings and investing in infrastructure development – especially with regard to reducing greenhouse gases, switching to renewable energies and increasing energy efficiency. For 2016, however, the volume of construction contracts is about 40 % below the levels of 2015, so that growth will likely tend towards zero.

Unlike the building construction sector, which registered a minus of 2.0 % in the year under report, residential construction was able to make significant gains (+5.8 %). Here a change of the market can be observed. Demand for rental properties has been up, driven by students and the high number of private bankruptcies. At the same time, the Hungarian real estate market has been booming, as home ownership is seen as a stable investment option. Should the government, as announced, provide homeowners with subsidies for thermal home improvements, this could result in significant growth in the field of renovations starting from 2016.

The largest contribution to the higher construction volume in Hungary in 2015 came from ground civil engineering, which grew by 6.2 % primarily as the result of extensive EU investments in road and rail construction. With the beginning of the new EU budget period in 2016, which foresees fewer projects in this sector, significantly poorer growth is expected for the coming two years (-4.0 % for 2016, +/-0.0 % for 2017).

The STRABAG Group generates 4 % of its output volume, or € 594.26 million, in Hungary. This makes the company the number two on the Hungarian construction market. The company's share of the entire market stood at 6.4 %; in road construction it is 7.7 %.

SWITZERLAND



Overall construction volume:	€ 55.6 billion
GDP growth:	2015e: 0.9 % / 2016e: 1.4 %
Construction growth:	2015e: -0.1 % / 2016e: 0.9 %

In contrast to what many experts had feared, the Swiss economy managed to register a slight plus (+0.9 %) in 2015 despite the "Swiss franc shock". This although many producers saw their margins collapse in response to lower sales prices and despite the fact that domestic demand was down on rising unemployment. Nevertheless, the experts still expect to see a lasting recovery of the export sector and thus robust economic growth of 1.4 % in 2016.

The Swiss construction industry is in a phase of consolidation. Rising vacancies, uncertainty regarding the consequences of mass migration, and the strong Swiss franc, on the one hand, and solid purchasing power and willing institutional investors, on the other, led to a nearly stable development of -0.1 % that will likely continue at a very low level in the years to come (+/-1 %).

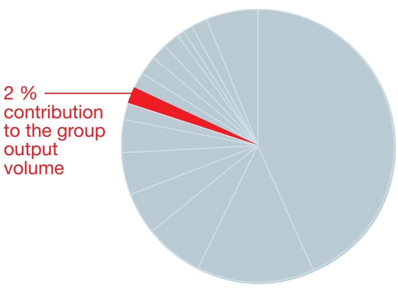
This development is reflected 1:1 in residential construction, which closed 2015 only slightly above zero. The development of immigration and, subsequently, of Switzerland's population growth will play a decisive role in determining the future of this sector. The Swiss referendum against mass immigration reduces the demand for new accommodations. A similarly negative impact came from the referendum on "Zweitwohnungsinitiative" ("second-home purchase restrictions"), which limit the percentage of holiday homes in any community to 20 %. New construction in tourist regions has dropped significantly since 2014 as a result.

The referenda and the strong national currency are also making Switzerland less attractive as a place for business. The building construction sector owes its plus of 2.4 % in 2015 not least to a number of large projects.

The weakest sector in 2015, with a minus of 3.9 %, was ground civil engineering. The order situation remains restrained and the budget situation of both the cantonal and federal governments leave no room for growth aspirations. At least 2016 saw the start of the country's FABI programme for the financing and upgrading of the country's rail infrastructure. FABI promises to inject € 5.8 billion into the modernisation and expansion of the Swiss railway network, which should result in a significant upswing. The forecasts from Euroconstruct are +1.8 % for 2016 and +4.8 % for 2017.

Switzerland contributed € 342.71 million, or 2 %, to the STRABAG Group's total output volume in 2015.

BENELUX



BELGIUM

Overall construction volume:	€ 40,0 billion
GDP growth:	2015e: 1.2 % / 2016e: 1.3 %
Construction growth:	2015e: 0.3 % / 2016e: 0.1 %

NETHERLANDS

Overall construction volume:	€ 66.9 billion
GDP growth:	2015e: 2.0 % / 2016e: 2.4 %
Construction growth:	2015e: 6.0 % / 2016e: 4.1 %

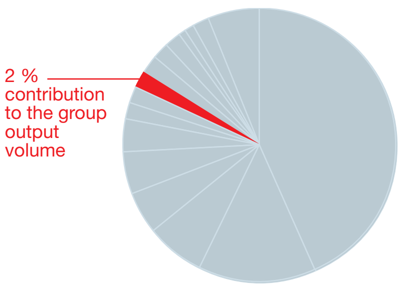
The economy exhibited another slight recovery in the Benelux states in 2015. The GDP growth of 1.2 % in Belgium and 2.0 % in the Netherlands are the result of lower unemployment, higher household incomes and growing investment by private enterprises. In combination with favourable financing options, this also has an overall positive effect on the construction sector.

Belgium's construction output developed better than hoped in the period under report, with +0.3 % instead of the slightly negative figure that had been expected. Residential construction, in particular, grew significantly more strongly than had been predicted (+2.8 %). In light of the higher starting value, however, the sector could be facing a temporary decline in 2016 before a return to stable albeit moderate growth between 1.5 % and about 3.0 % in 2018. In contrast, building construction was weak in the year under report (-1.4 %). This should, however, be more than compensated for by strong growth in 2016: Euroconstruct expects to see growth of 5.5 %. Belgium's ground civil engineering sector also closed 2015 with negative growth. Given the dynamism shown in 2014, however, this is only of limited relevance, and the 2015 minus of 3.2 % should be seen against the plus of 5.4 % in 2014. In the face of the upcoming local elections, no noteworthy investments can be expected before 2017. Euroconstruct therefore does not expect this sector to recover before 2018.

The Dutch construction industry experienced a more significant revival after a number of weak years, with a generous plus of 6.0 % in 2015 thanks to tax incentives for residential renovation and maintenance. Residential construction grew by 11.0 % in the year under report and, due to the rising housing demand for refugees, should continue to exhibit above-average growth in the years to come. After the volume of residential new construction dropped by about half between 2009 and 2014, the experts at Euroconstruct now expect to see annual growth of between 13 % and 19 % for 2015–2017. In comparison, the 2015 figures for building construction and ground civil engineering (+3.2 % and +3.3 %, respectively) are rather modest. In total, Euroconstruct forecasts construction growth of 19 % in the Netherlands for the years 2014–2018, which would compensate two thirds of the losses during the crisis years.

STRABAG generated an output volume of € 301.67 million in the Benelux countries in 2015.

ROMANIA



Overall construction volume: € 14.9 billion
GDP growth: 2015e: 2.8 % / 2016e: 3.0 %
Construction growth: 2015e: 9.5 % / 2016e: 5.1 %

Romania's economic upwards trend continued in 2015 with GDP growth of 2.8 %. According to the experts at EECFA (Eastern European Construction Forecasting Association), this positive development should also remain for the years to come. Growth rates around 3.0 % are expected for both 2016 and 2017. Industrial production and retail revenues are expected to rise, as are employment and real salaries. The cumulative effect of all these factors on the construction market appears promising.

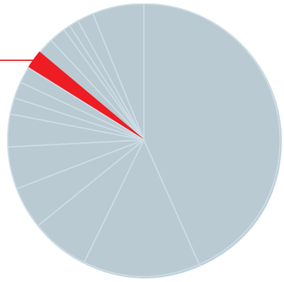
The economic upswing has already left a positive impact on the construction industry, which was able to nearly double the previous year's forecast with a plus of 9.5 %. Residential construction, which accounts for about 35 % of the total market, grew by 8.5 %. Higher incomes, lower mortgage interest and state-guaranteed loans contributed to the recovery of this sector. The subsector of project development remained relatively hesitant, but the volume of residential buildings increased as did the average size of new homes. It can be expected that the stable prices and falling rents will stimulate speculative investments in residential projects. EECFA therefore expects a plus of 15.0 % in the residential construction sector for 2016.

The remaining building construction sector shows a similarly positive development. The plus of 7.9 % in 2015 and an expected plus of 6.0 % for 2016 are due especially to the growth in office buildings, as the combination of highly skilled labour with low wages draws foreign companies into the country.

In the past, ground civil engineering had suffered under financing difficulties and project delays. Following the drastic decline of 15.2 % in 2014, fears that the country could lose EU subsidies led to increased activity in this sector in 2015 for a plus of 11.4 %. As the transition of the EU financing programmes involves longer payout delays, 2016 – an election year in Romania – could see construction being halted and ground civil engineering fall back by 3.8 % in the short term before a return to stability and a renewed upswing in 2017.

The STRABAG Group, with an output volume of € 241.23 million in 2015, continues to hold the position of market leader on the Romanian construction market. This corresponds to a market share of 1.3 %. In road construction, the share of the market amounts to 1.1 %.

SWEDEN



Overall construction volume:	€ 34.0 billion
GDP growth:	2015e: 3.2 % / 2016e: 3.1 %
Construction growth:	2015e: 5.5 % / 2016e: 2.8 %

The Swedish economy expanded by 3.2 % in 2015, more strongly than had been expected. Driving this growth were the low credit rates, falling unemployment and rising real wages, as well as increased domestic consumption resulting from higher incomes and the great number of refugees immigrating to the country. But experts are warning that, despite economic growth, the "production gap" – i.e. the difference between the actually realised gross domestic product and the available potential – will not be closed before 2017. As a result, the Swedish market may be lacking the prerequisites for more extensive construction activity for the time being.

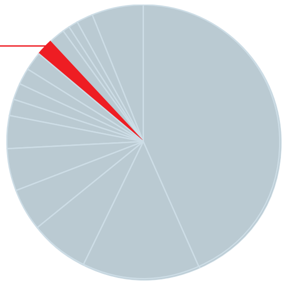
With a plus of 5.5 %, the Swedish construction industry posted above-average growth in 2015. Residential construction boomed (+14.9 %) – in part due to a pull-forward effect ahead of a government decision to lower the tax deductibility of labour costs from 50 % to 30 % in 2016. For 2016, Euroconstruct expects to see growth fade back down to +2.7 %.

With +0.7 %, building construction remained stagnant in 2015. But growth should reach an estimated 2.8 % again next year. Demographic changes are forcing Sweden to build new health centres and nursing homes, though at the same time there is an increasing demand for schools and other educational facilities.

Ground civil engineering, which has been largely neglected for years, again posted negative growth (-0.9 %) in 2015. According to economic research estimates, Sweden's infrastructure has an accumulated investment deficit of € 33 billion that could double by the year 2025. Experts estimate that the road and transport network alone is in need of investments in the amount of € 3.5 billion. As pessimistic as this situation may be, it does point to a potential for long-term growth in this field.

The output volume of the STRABAG Group in Sweden amounted to € 239.70 million in 2015. The main activities include infrastructure and residential construction projects.

RUSSIA AND NEIGHBOURING COUNTRIES (RANC)



Overall construction volume:	€ 144.6 billion
GDP growth:	2015e: -3.9 % / 2016e: -1.0 %
Construction growth:	2015e: -5.2 % / 2016e: -3.0 %

Despite all armed conflicts, the Russian economy managed positive growth until 2014. In 2015, however, Western sanctions, the devaluation on the ruble and the collapse of the oil price began to take effect. The GDP decline by 3.9 % marks a low point after years of continuously slower economic momentum. For 2016, EECFA expects the Russian economic output to continue to shrink by 1.0 % before a turnaround in 2017 with +1.3 %.

Like all of the main branches of the economy, i.e. industry, retail, transport and services, with the exception of agriculture, the Russian construction sector also exhibited negative growth in 2015. People's incomes have been sinking continuously for the past year, impacting investments and consumer demand with drastic declines. For the construction industry, this meant a minus of 5.2 %, cushioned only by the positive results from ground civil engineering. The overall output volume is expected to shrink by a further 3.0 % in 2016 before a possible plus of 1.1 % in 2017.

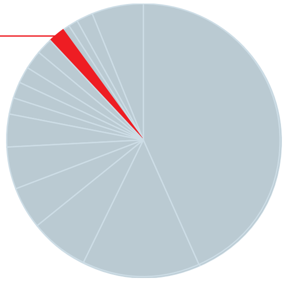
Residential construction posted the largest losses (-11.6 %) in the year under report, although the government attempted to keep the sector afloat through the introduction of mortgage subsidies, programmes for foreign currency borrowers and a measure for residential space. Nevertheless, the EECFA's experts still do not see a market crisis. While they are forecasting another minus of 6.7 % for 2016, they expect a balanced result of +/-0.0 % in 2017.

The figures for the building construction sector are similar. The -7.3 % in the year under report result from the lack of public funds, especially for the construction of educational facilities. In the health field, on the other hand, the health insurance obligation in the Russian Federation contributed to investors being found, which helped to ease the sector's decline somewhat. The trend nevertheless remains negative, with forecasts of -4.0 % for 2016 and -2.1 % for 2017.

Ground civil engineering was the only sector to close 2015 on a positive note, growing by 2.8 %. Thanks to the realisation of important gas pipeline projects, as well as the construction of transport and electrical utilities infrastructure, growth is expected to continue in the medium term (2016: +1.4 %, 2017: +3.5 %).

The STRABAG Group generated an output volume of € 230.39 million in Russia and its Neighbouring Countries (RANC) in 2015. This region contributed 2 % to the group's overall output volume in the period under report. STRABAG is active almost exclusively in building construction and civil engineering in the region.

DENMARK



Overall construction volume:	€ 26.5 billion
GDP growth:	2015e: 1.4 % / 2016e: 1.7 %
Construction growth:	2015e: 1.3 % / 2016e: 2.3 %

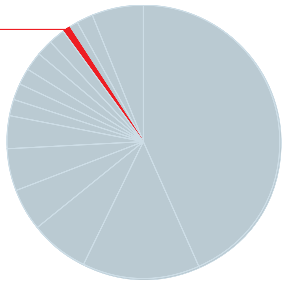
The Danish economy has grown slowly but positively in the past two years. The GDP plus of 1.4 % in 2015 can be traced back primarily to the strong increase in gross property, plant and equipment investments as well as private consumption. According to Euroconstruct, falling unemployment figures and increasing exports will provide Denmark with constant, albeit moderate economic growth in the years to come.

The forecasts for the development of the Danish construction industry had to be adjusted downward slightly, but the outlook of +1.3 % (2015) to +2.8 % (2018) paints a thoroughly positive picture. In residential construction, immigration is leading to an increased demand for housing that – although cheap and temporary – should help to boost the sector. Growth in the sector was 1.0 % in 2015 and should reach 2.8 % in 2016. In building construction, which posted the strongest gains (+3.0 %) in 2015, an extensive programme for new hospitals promises to yield strong impetus for the coming years with a forecast of +3.6 % for 2016.

Following the promise of funding, significant growth had been forecast for ground civil engineering – especially in the expansion of transport infrastructures. With the election of a new government in June 2015, however, the sector had to deal with cuts and accept a marginal plus of just 0.2 %. Growth is likely to be just as modest in 2016. According to Euroconstruct, this sector will have to wait until 2017 to again pick up speed.

Thanks to several large projects in building construction and civil engineering, the STRABAG Group generated an output volume of € 219.28 million in 2015.

ITALY



Overall construction volume:	€ 161.0 billion
GDP growth:	2015e: 0.8 % / 2016e: 1.2 %
Construction growth:	2015e: 0.4 % / 2016e: 1.8 %

2015 brought the turnaround for Italy. After years of recession, the country was finally able to post economic growth of 0.8 %. The main role in this phase of the economic cycle was played by domestic demand. The labour market profited from reform measures, the situation of the households improved, the easing of the credit market (quantitative easing) helped to stimulate investments, and the confidence of the Italian people in the economy reached its highest level since 2008.

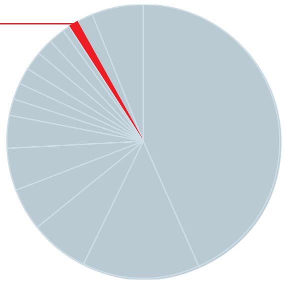
At the same time, the Italian construction industry was back in the black for the first time in eight years. The plus of 0.4 % is proof of the hesitant but probably continuous upswing. The competitive euro exchange rate, extensive financing programmes and political measures which, among other things, helped bring about administrative simplifications and tax breaks for construction projects, hold the promise of a constant upward development in the next few years. Euroconstruct forecasts annual growth of about 2 %.

The individual construction sectors themselves exhibited quite different developments, however. Residential construction, still the weakest sector and still in decline (-1.6 %), is driven primarily by renovation works. In building construction, meanwhile, the long downwards trend has likely come to an end. The plus of 2.0 % in 2015 corresponds approximately to Euroconstruct's expectations for the next three years.

Ground civil engineering grew the strongest in 2015, with a plus of 3.4 %. The significant growth forecast for this sector in the coming years is due primarily to the Sblocca Italia law, which is intended to stimulate the opening of new construction sites, the realisation of public-sector contracts and the digitalisation of the country.

The output volume of the STRABAG Group in Italy amounted to € 187.80 million in 2015. In Italy, STRABAG is mainly active in tunnelling and road construction in the north of the country and the output volume is largely assigned to the segment International + Special Divisions.

SLOVENIA



Overall construction volume: € 2.6 billion
GDP growth: 2015e: 2.7 % / 2016e: 2.3 %
Construction growth: 2015e: -0.2 % / 2016e: -10.8 %

As in 2014, Slovenia's economy expanded more strongly than the EU average in 2015 with a GDP plus of 2.7 %. This positive trend should continue in the medium term, with an expectation of +2.3 % for each of the next two years.

The construction sector stagnated (-0.2 %). Moreover, the financing for construction projects came mostly from the EU's Cohesion Fund, the availability of which expired with the end of 2015. Without these funds, economic growth is expected to shift to other areas, e.g. export.

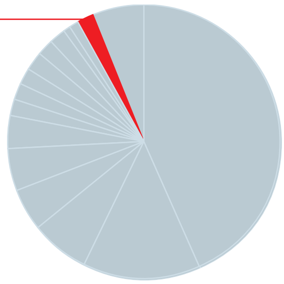
Residential construction in 2015 registered a negative result (-4.8 %) for the seventh time in a row. The experts already see signs of a turnaround, however. This is most visible on the secondary market, where the number of transactions has grown and the price decline for used apartments and houses has come to an end. Given the higher level of disposable family incomes and eased access to mortgage loans, EECFA is forecasting a plus of 10.1 % in residential construction for 2016.

Building construction closed 2015 with a plus of 11.3 %. Whether this recovery will last after the minus of 8.7 % in 2014 will depend, among other things, on whether and when construction permits are issued for several large office buildings that have already been planned. The experts therefore fear a decline of 4.3 % in 2016 before renewed growth in building construction in 2017 (+7.3 %).

In absolute terms, ground civil engineering posted a negative result in 2015 (-1.3 %), which must be seen against the striking growth of 33.2 % the year before. Nevertheless, the savings measures of the Slovenian government can already be felt here. Additionally, several large projects in this sector are scheduled for completion soon. New ground civil engineering projects are already getting started, e.g. the construction of a new motorway in eastern Slovenia and the expansion of the Karawanks Motorway Tunnel. According to EECFA, however, a minus of 26.7 % is to be expected for 2016.

In 2015, the STRABAG Group generated an output volume of € 98.42 million in Slovenia.

CROATIA, SERBIA, BULGARIA AND REST OF EUROPE



CROATIA

Overall construction volume:	€ 2.7 billion
GDP growth:	2015e: 0.8 % / 2016e: 1.0 %
Construction growth:	2015e: 3.9 % / 2016e: 7.6 %

SERBIA

Overall construction volume:	€ 1.8 billion
GDP growth:	2015e: 0.9 % / 2016e: 2.0 %
Construction growth:	2015e: 4.5 % / 2016e: 6.5 %

BULGARIA

Overall construction volume:	€ 6.5 billion
GDP growth:	2015e: 2.3 % / 2016e: 2.6 %
Construction growth:	2015e: 0.1 % / 2016e: -3.3 %

Croatia

After six negative years, the Croatian economy returned to a slight GDP plus in 2015. The growth gained momentum steadily over the year, finally closing at 0.8 %. Driving this unexpected acceleration were the difficulties facing some of Croatia's tourist competitors, especially Greece, North Africa and Turkey, lending a strong boost to the Croatian tourism industry. Also contributing to the growth were the government's successful efforts at higher tax revenue as well as a generally friendlier attitude toward the private sector. The political uncertainties following the parliamentary elections in autumn, however, are cause for a cautious outlook from EECFA. The experts expect continued stable economic growth, but the estimates are for a moderate +1.0 % for 2016 and +1.7 % for 2017.

The Croatian construction industry is also in an upswing. The minus of 11.3 % in 2014 probably was the low point, and the country registered a clear plus of 3.9 % in 2015 – which should even rise to +7.6 % in 2016. A closer look shows that several construction sectors are already exhibiting strong growth. Building construction grew above average overall (+6.3 %) thanks to hotels and transport structures, even if the business in other areas of this sector, e.g. office buildings, is only just beginning to get going. The experts therefore expect to see solid growth rates for the next two years.

Residential construction and ground civil engineering, especially road construction, recovered slightly. After the significant declines in the recent past (residential construction in 2014: -19.4 %; ground civil engineering in 2014: -14.1 %) and, subsequently, a lower starting level, these two segments managed a plus of 2.8 % in 2015. In residential construction, this development can be traced back to two trends in particular. Firstly, young people are increasingly looking for a home of their own. Secondly, as a result of the more affordable real estate prices, more and more foreign citizens are investing in holiday homes in Croatia. EECFA therefore expects stable growth of 3.1 % and 5.7 % in this sector for 2016 and 2017, respectively.

The future also looks bright in ground civil engineering. The communications and transport segments posted good results in 2015 (+25.0 % and +15.0 %, respectively), and pipelines, power lines and above all water utility projects hold the promise of growth for the coming years (2016: +11.4 %, 2017: +9.1 %).

The STRABAG Group generated € 68.04 million on the Croatian market in 2015.

Serbia

After the floods of 2014, which plunged the country into a recession, Serbia's economy showed signs of a slow recovery in the year under report. The growth of 0.9 % is proof of the effectiveness of the government's budget consolidation – a rigorous savings and debt reduction programme – that had begun before the flood disasters. EECFA therefore expects continued GDP growth between 2.0 % and 2.5 % for the coming years.

The Serbian construction industry exhibited ambivalent growth – also as a consequence of the floods. The unexpectedly high overall plus of

4.5 % is almost entirely due to activities in ground civil engineering, as the sector was working at full capacity on the reconstruction of roads, bridges and transport infrastructures, on the one hand, but also on new projects. The 2016 forecast is for a plus of 6.5 %. This is contrasted by a minus in residential construction and stagnation in building construction in 2015.

The collapse of the residential construction sector had already begun in 2013, as the government cut subsidies for residential mortgage loans and so exacerbated an already difficult market situation. Then came the floods – and with them an accumulated minus of nearly 40.0 % in two years. Positive labour market figures and low interest rates brought a gradual recovery (-1.3 %) in 2015, but a real upswing is only expected to set in this year with a forecasted +10.4 % (2017: +13.0 %).

Building construction, which gained slightly in 2015 with +0.8 %, will probably benefit the most from the reformed permit procedure – as can already be seen from the approval figures in all areas. The largest expansion is expected in the retail and office construction segments, soon to be followed by the public sector. This makes growth of 9.3 % and 8.5 % for the next two years, respectively, seem realistic.

While 2014 had been all about reconstruction, 2015 saw the ground civil engineering sector land new projects for a plus of 7.8 %: After many years, Serbia is again expanding its motorway network, large railway construction projects are underway, and the energy industry, with the construction of new power plants, is also making enormous contributions to maintaining this sector as a pillar of construction output as a whole. For 2016, a further plus of 4.3 % is expected.

The STRABAG Group achieved an output volume of € 46.22 million on the Serbian market in 2015.

Bulgaria

The Bulgarian economy developed better than expected, with a significant plus of 2.3 % in 2015. Primarily driving this upswing were exports and state investments. The high level of corporate debt remains a big problem, however, as it hinders the inflow of new cash. The fact that EECFA experts are nevertheless forecasting further GDP growth of 2.5 % for the next two years is due to the labour market, which is sending positive signals in export-oriented industries, as well as external factors such as the low oil price and the gradual recovery in the eurozone.

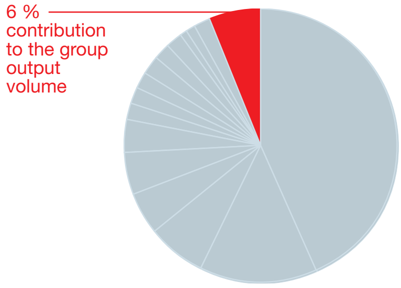
Bulgaria's construction industry – which de facto stagnated at +0.1 % in 2015 – was unable to keep pace with the GDP growth, but at least it was able to maintain the high level from 2014 (+8.0 %). This is primarily due to residential construction, which posted growth of 7.4 % in the year under report. The resumption of residential projects, which had been frozen during the crisis, as well as programmes to improve energy efficiency, especially in panel buildings, should make for further growth beyond the 10 % mark in the years to come.

The building construction sector shrank by 3.9 % in 2015, which contrasts with the strong growth in the previous year (+10.2 %). Thanks to a more dynamic development in industry, logistics and agricultural buildings, growth rates of 2.7 % and 5.6 % are being forecast for 2016 and 2017, respectively. The office segment, however, is expected to show only hesitant recovery.

Ground civil engineering represents a downside to Bulgaria's overall positive figures. With a plus of 0.2 %, this segment was able to at least maintain its level following the good results in 2014 (+5.1 %). A noticeable decline of 11.1 % is expected for 2016, however, due to the great dependency on EU funding. The negative growth should only be temporary, however, as it results from the transitional difficulties between two EU programme periods. In 2017, the programmes "Environment" and "Growth and Employment" should contribute to another plus in ground civil engineering – currently planned are +3.1 %.

The STRABAG Group generated € 35.21 million on the Bulgarian market in 2015.

MIDDLE EAST, AMERICAS, AFRICA, ASIA



The STRABAG Group has for decades played an important role not only on its main European markets but also outside of Europe – mostly as main contractor in direct export. Above all Africa and Asia, Canada and Chile, as well as the Middle East, are at the focus of STRABAG's non-European activities, with which the company ensures its independence from the economic conditions in individual countries.

Because of STRABAG's high level of technical know-how, the focus of this engagement lies in areas that are considered especially demanding, in particular civil engineering, tunnelling and industrial and infrastructure projects. In the year under report, group companies were working on projects such as the expansion of the sewer network in Singapore. This project requires the pipe jacking technique, a specialty of the STRABAG Group.

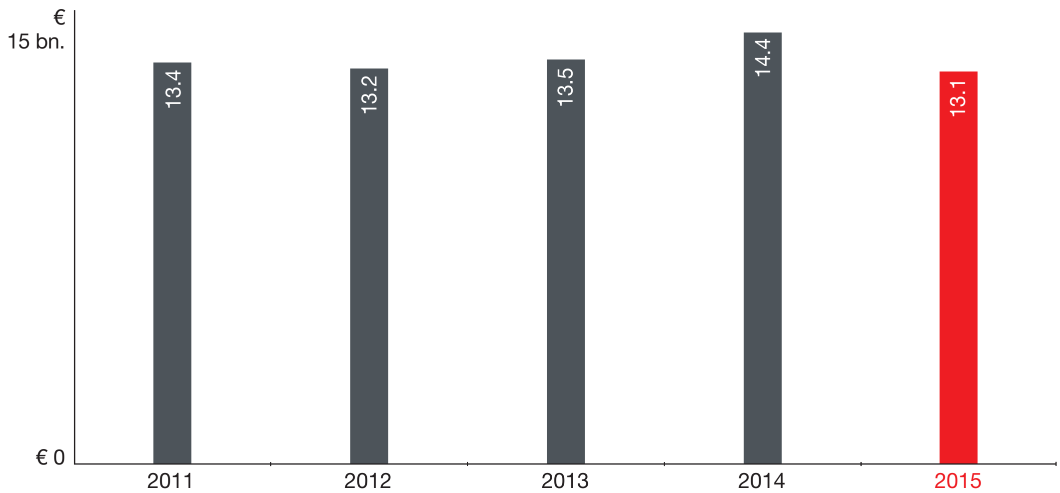
In total, the STRABAG Group generated € 836.59 million, or 6 %, of its overall group output volume outside of Europe in 2015. The activities in non-European countries – with few exceptions – are assigned to the segment International + Special Divisions.

Order backlog

ORDER BACKLOG BY SEGMENT AS AT 31 DECEMBER 2015

€ mln.	Total 2015	North + West	South + East	International + Special Divisions	Other	Total 2014	Δ total %	Δ total absolute
Germany	4,876	3,627	82	1,162	5	4,938	-1	-62
Austria	1,733	21	1,207	505	0	1,542	12	191
Italy	1,011	0	2	1,009	0	1,237	-18	-226
Poland	849	801	5	43	0	845	0	4
Middle East	501	6	1	494	0	525	-5	-24
Americas	457	3	0	454	0	583	-22	-126
Romania	393	3	386	4	0	498	-21	-105
Russia and Neighbouring Countries	390	7	316	67	0	723	-46	-333
Slovakia	355	0	343	12	0	553	-36	-198
Benelux	347	316	15	16	0	398	-13	-51
Czech Republic	323	0	313	10	0	348	-7	-25
Denmark	322	303	0	19	0	456	-29	-134
Switzerland	307	15	266	26	0	169	82	138
Sweden	278	256	0	22	0	311	-11	-33
Asia	267	0	7	260	0	194	38	73
Rest of Europe	264	10	184	69	1	263	0	1
Hungary	137	0	119	18	0	508	-73	-371
Serbia	94	0	92	2	0	24	292	70
Africa	92	30	3	59	0	108	-15	-16
Slovenia	57	0	57	0	0	113	-50	-56
Croatia	55	0	53	2	0	53	4	2
Bulgaria	27	0	27	0	0	14	93	13
Total	**13,135**	**5,398**	**3,478**	**4,253**	**6**	**14,403**	**-9**	**-1,268**

DEVELOPMENT OF ORDER BACKLOG



The order backlog fell back in 2015, a development that had already become apparent over the course of the year. The figure settled at € 13.1 billion on 31 December 2015, 9 % lower than one year before. This development can be traced back to the completion of large projects in Hungary, Italy and Slovakia, as well as the adverse economic environment in the RANC region (Russia and Neighbouring Countries).

CONSTRUCTION SITES INCLUDED IN THE ORDER BACKLOG AS AT 31 DECEMBER 2015

Category	Number of construction sites	Number of construction sites as % of total	Order backlog € mln.	Order backlog as % of total
Small orders (€ 0–1 mln.)	10,477	72	1,678	13
Medium-sized orders (€ 1–15 mln.)	3,702	25	2,616	20
Large orders (€ 15–50 mln.)	218	2	2,982	23
Very large orders (>€ 50 mln.)	99	1	5,859	44
Total	**14,496**	**100**	**13,135**	**100**

The overall order backlog is comprised of 14,496 individual projects. More than 10,000 of these are small projects with a volume of up to € 1 million. Medium-sized projects with contract volumes between € 1 million and € 15 million account for one quarter of orders. Just 2 % of the construction sites have a volume between € 15 million and € 50 million. A further 99 projects have a volume above € 50 million. The high number of individual contracts guarantees that the risk involved with one project does not threaten the group success as a whole. The ten largest projects in the order backlog as at 31 December 2015 added up to 18 % of the order backlog, compared to 20 % at the end of 2014.

THE TEN LARGEST PROJECTS CURRENTLY IN PROGRESS AS AT 31 DECEMBER 2015

Country	Project	Order backlog € mln.	as % of total order backlog
Italy	Pedemontana motorway	815	6.2
Germany	Stuttgart 21, underground railway station	285	2.2
Chile	Alto Maipo hydropower complex	267	2.0
Austria	Koralm Tunnel, Section 2	170	1.3
Austria	Brenner Base Tunnel, Tulfes–Pfons	164	1.3
Germany	Rastatt Tunnel	153	1.2
Russia	Tula Steel Works	140	1.1
Belgium	Project “Schools of Tomorrow”	129	1.0
Sweden	Marieholm Tunnel	118	0.9
Poland	A1 motorway, Tuszyn–Pyrzowice	115	0.9
Total		**2,357**	**17.9**

Impact on changes to the scope of consolidation

In the 2015 financial year, 13 companies (thereof four mergers with fully consolidated companies) were included in the scope of consolidation for the first time. These companies contributed a total of € 72.26 million to group revenue and € -13.72 million to net income after minorities. As a result of first-time inclusions, current and non-current assets increased by € 11.87 million, current and non-current liabilities by € 0.78 million.

Financial performance

The consolidated **group revenue** for the 2015 financial year amounted to € 13,123.48 million. This represents an increase of 5.2 % over the previous year, a similar level of growth as the output volume (+5.3 %). The ratio of revenue to output remained at the previous year's level of 92 %. The segment North + West contributed 45 %, South + East 34 % and International + Special Divisions 21 % to the revenue.

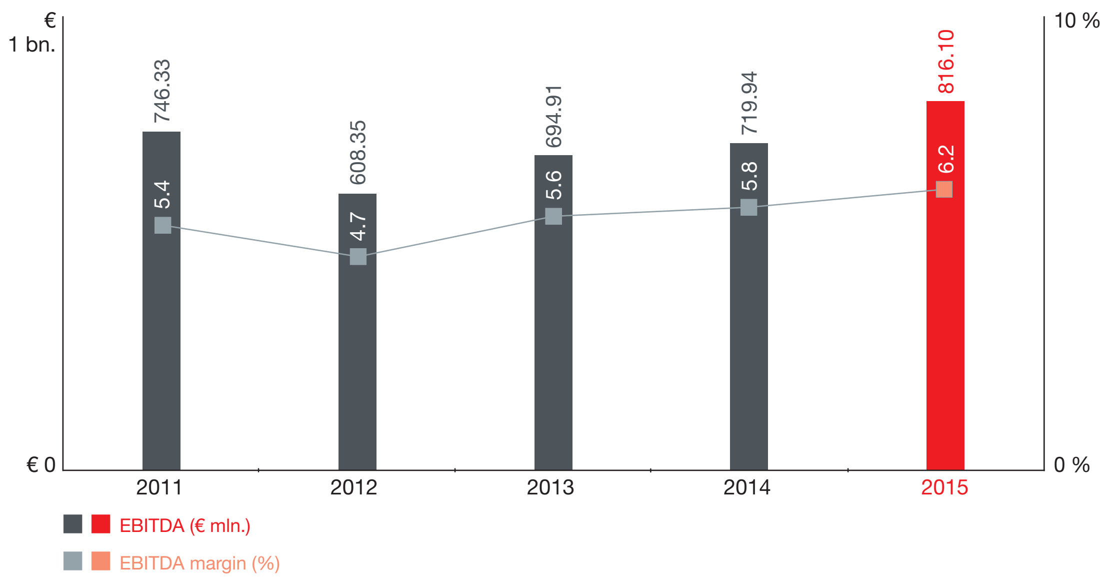
The **changes in inventories** involve mainly the real estate project development business, which was conducted as actively in 2015 as in the past. The disposals, resulting from a number of successful sales, were only partially compensated by existing and new project developments. The **own work capitalised** remained at a very low level. The total of **expenses for construction materials, consumables and services used** and the **employee benefits expense**, expressed in relation to the revenue, remained unchanged at 90 % – the same as in the past few years.

EXPENSES

€ mln.	**2015**	**2014**	**Δ %**
Construction materials, consumables and services used	8,619.03	8,163.25	6
Employee benefits expense	3,158.25	3,057.67	3
Other operating expenses	826.90	791.36	4
Depreciation and amortisation	475.06	437.98	8

The **share of profit or loss of equity-accounted investments**, which also includes earnings from construction consortia, grew significantly versus the year before. The figure for the previous year had been burdened by a one-time impairment for a cement investment. The net income from investments, composed of the dividends and expenses of many smaller companies or financial investments, also grew as a result of positive effects from project development investments.

DEVELOPMENT OF EBITDA AND EBITDA MARGIN



Effective tax rate: 42.4 %

Earnings per share: € 1.52

In total, there was a 13 % increase of the **earnings before interest, taxes, depreciation and amortisation** (EBITDA) to € 816.10 million, while the EBITDA margin grew from 5.8 % to 6.2 %. The **depreciation and amortisation** stood at € 475.06 million, which corresponds to a plus of 8.5 % over the previous year. This figure contains a special depreciation allowance related to the sale of the hydraulic engineering equipment in the amount of € 21.70 million as well as higher depreciation on rail construction equipment. The goodwill impairment in the amount of € 24.75 million represents a slight decline versus the previous year's level of € 28.83 million.

The **earnings before interest and taxes** (EBIT) increased significantly by 21 % to € 341.04 million, which corresponds to an EBIT margin of 2.6 % after 2.3 % in 2014. Compared to the previous year, this figure improved in Poland, the Czech Republic and Slovakia, among other places. A tunnelling project in Chile, on the other hand, represented a significant burden.

The **net interest income** came to rest at about the same level of the previous year (€ -24.42 million versus € -26.20 million). The positive foreign currency effects increased slightly from € 5.29 million in 2014 to € 8.43 million in 2015.

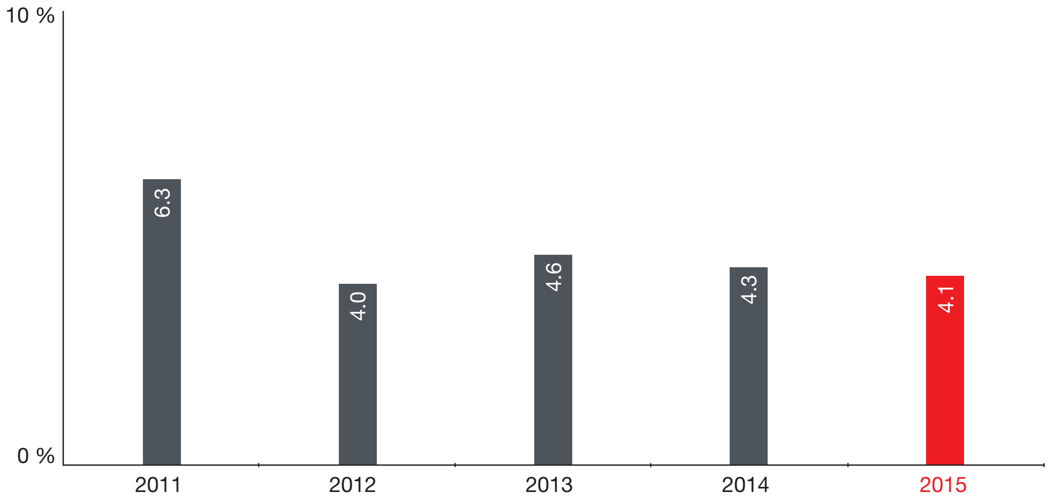
In the end, the **earnings before taxes** (EBT) showed a plus of 24 %. The income tax rate – in the absence of tax relief for the losses in Chile, goodwill impairments and in response to back taxes due to company audits in Germany – was again unusually high, with 42.4 % after 42.3 % in 2014.

The **net income** settled at € 182.50 million in 2015. After € 147.50 million in 2014, this corresponds to an increase of 24 %.

Earnings owed to minority shareholders amounted to € 26.2 million, compared to € 19.53 million the year before. This can be explained by the higher earnings for STRABAG AG, Cologne. The **net income after minorities** for 2015 came to € 156.29 million, a plus of 22 % versus the previous year. The earnings per share also increased by 22 % to € 1.52.

The **return on capital employed** (ROCE)[1] fell slightly from 4.3 % to 4.1 %.

DEVELOPMENT OF ROCE



1) ROCE = (net income + interest on debt - interest tax shield (25 %))/(average group equity + interest-bearing debt)

Financial position and cash flows

BALANCE SHEET

€ mln.	2015	% of balance sheet total	2014	% of balance sheet total
Non-current assets	4,284.07	40	4,506.46	44
Current assets	6,444.80	60	5,769.08	56
Equity	3,320.64	31	3,144.30	31
Non-current liabilities	2,519.24	23	2,408.70	23
Current liabilities	4,888.99	46	4,722.54	46
Total	**10,728.87**	**100**	**10,275.54**	**100**

The **balance sheet total** of STRABAG SE increased from € 10.3 billion to € 10.7 billion. This was in large part due to the increase in cash and cash equivalents from € 1.9 billion to € 2.7 billion. The hydraulic engineering equipment for sale is no longer presented under property, plant and equipment, but under a special item, namely the assets held for sale, at the agreed purchase price of € 70 million.

Conspicuous on the liabilities side is the stable **equity ratio** of 31.0 % (2014: 30.6 %) as well as the higher non-current financial liabilities resulting from the € 200 million bond issue.

KEY BALANCE SHEET FIGURES

	2011	2012	2013	2014	2015
Equity ratio (%)	30.3	31.2	30.7	30.6	31.0
Net debt (€ mln.)	-267.81	154.55	-73.73	-249.11	-1,094.48
Gearing ratio (%)	-8.5	4.9	-2.3	-7.9	-33.0
Capital employed (€ mln.)	5,336.45	5,322.35	5,462.11	5,357.82	5,448.01

Net cash position: € 1,094.48 million

As usual, a **net cash position** was reported on 31 December 2015. This position grew as a result of the unusually high level of cash and cash equivalents from € 249.11 million on 31 December 2014 to € 1,094.48 million at the end of 2015.

CALCULATION OF NET DEBT

€ mln.	2011	2012	2013	2014	2015
Financial liabilities	1,731.96	1,649.98	1,722.70	1,609.92	1,579.75
Severance provisions	70.44	79.91	78.40	97.66	96.13
Pension provisions	384.21	429.92	422.24	505.94	451.50
Non-recourse debt	-754.18	-630.31	-585.11	-538.61	-489.53
Cash and cash equivalents	-1,700.24	-1,374.96	-1,711.97	-1,924.02	-2,732.33
Total	**-267.81**	**154.55**	**-73.73**	**-249.11**	**-1,094.48**

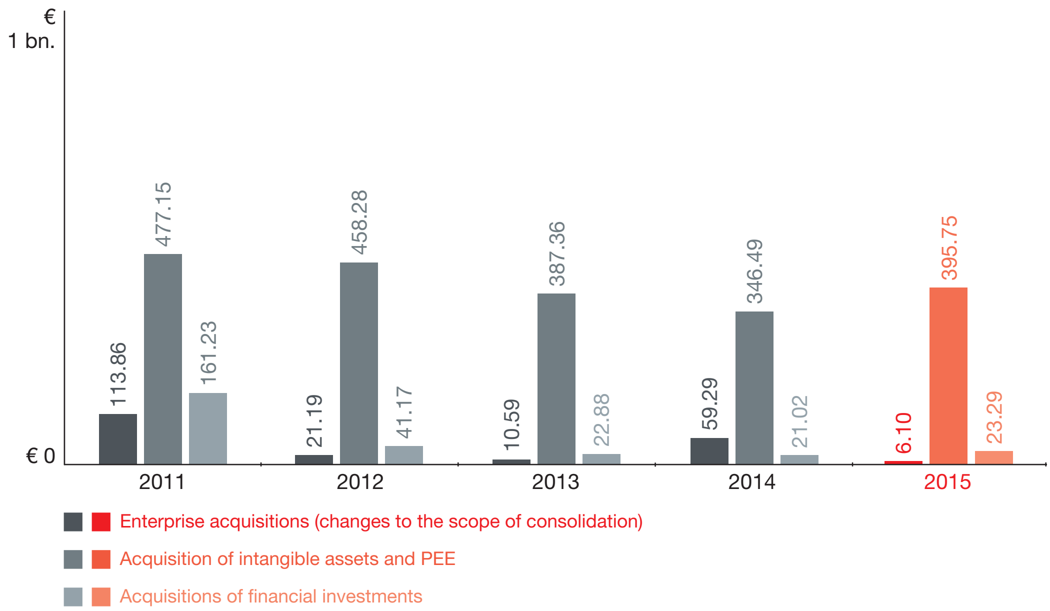
With a 6 % higher cash flow from earnings of € 657.98 million, the **cash flow from operating activities** grew by 54 % to € 1,240.35 million. The working capital improvement, on the other hand, was influenced by the uncharacteristically high project-related advance payments. As no larger acquisitions were made in the 2015 financial year, the **cash flow from investing activities**, despite higher investments in property, plant and equipment, stood at € -320.21 million – significantly below the previous year's value of € -435.30 million. The **cash flow from financing activities** amounted to € -117.55 million after € -142.42 million the previous year. The positive effects from the bond issues and repayments were countered by cash outflows from returns of financing liabilities and dividends.

Capital expenditures

STRABAG had forecast net capital expenditures (cash flow from investing activities) in the amount of approximately € 350 million for the 2015 financial year. In the end, the net capital expenditures totalled € 320.21 million for a level that was again at about that of 2013. The 2014 cash flow from investing activities had been driven by the acquisition of DIW Group as well as by the assumption of the financing for an associated company.

The gross investments (CAPEX) before subtraction of proceeds from asset disposals stood at € 425.14 million. This figure includes **expenditures on intangible assets and on property, plant and equipment** of € 395.75 million, **the purchase of financial assets** in the amount of € 23.29 million and **enterprise acquisitions** (changes to the scope of consolidation) of € 6.10 million. About € 250 million is spent annually as maintenance expenditures related to the equipment fleet in order to prevent inventory obsolescence. In addition to these necessary maintenance expenditures, of which the largest proportion was spent in Germany, Austria and Poland in 2015, STRABAG also invested in project-specific equipment needed for its international business. Expenditures on intangible assets and on property, plant and equipment during the year under report must be seen against depreciation and amortisation in the amount of € 475.06 million. This figure also includes goodwill impairment in the amount of € 24.75 million.

COMPOSITION OF CAPEX



Financing/Treasury

KEY FIGURES TREASURY

	2011	2012	2013	2014	2015
Interest and other income (€ mln.)	112.31	73.15	66.72	82.17	82.07
Interest and other expense (€ mln.)	-103.77	-123.87	-98.26	-108.37	-106.49
EBIT/net interest income (x)	39.2	-4.1	-8.3	-10.8	-14.0
Net debt/EBITDA (x)	-0.4	0.3	-0.1	-0.3	-1.3

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 building activity requires the constant availability of bid, contract fulfilment, pre-payment and warranty guarantees and/or sureties. The financial scope of action is thus defined on the one hand by sufficient cash and cash credit lines, on the other hand by sufficient surety credit lines.

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.

Total credit line for cash and surety loans of € 7.1 billion

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 have so far also been 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 receives its optimal financing structure. As per 31 December 2015, STRABAG SE had four bonds with a total volume of € 675 million on the market.

In order to diversify the financing structure, STRABAG SE had placed its first **bonded loan** in the amount of € 140 million in the 2012 financial year. The variable interest portions of the bonded loan were refinanced at better conditions in 2015. This long-term debt financing instrument is in many ways similar to a bond, with an important difference being that bonded loans are issued directly to institutional investors without using an organised capital market, i.e. an exchange.

The existing liquidity of € 2.7 billion assures the coverage of the group's liquidity needs. Nevertheless, further bond issues or a refinancing of existing financing instruments are planned, depending on the market situation, in order to maintain a high level of liquidity reserves in the future and to take advantage of favourable market conditions.

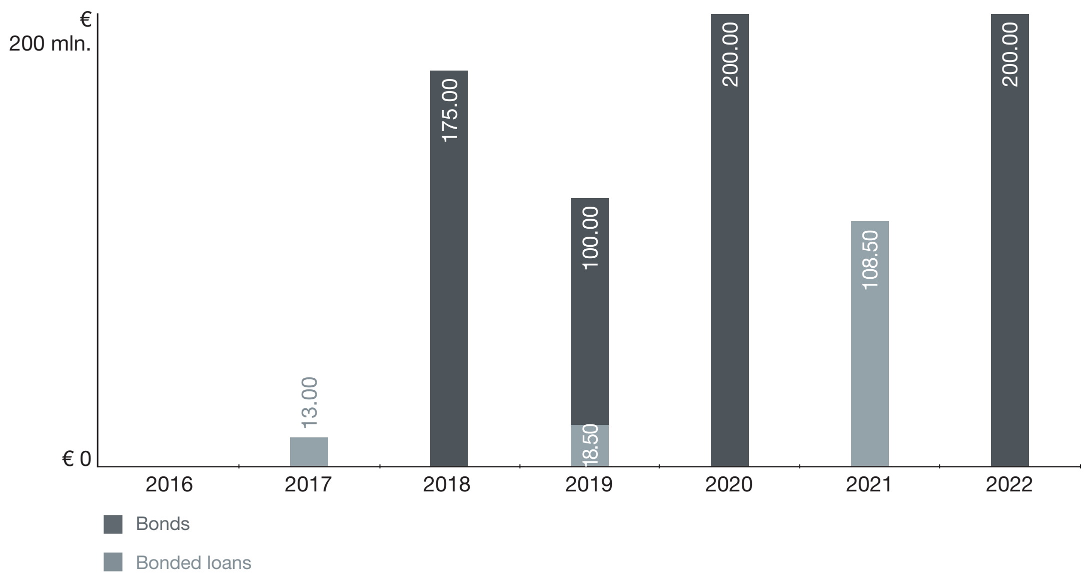
STRABAG SE has a total credit line for cash and surety loans in the amount of € 7.1 billion. The credit lines include a **syndicated surety credit line** in the amount of € 2.0 billion and a revolving **syndicated cash credit line** of € 0.4 billion, each with a term to maturity until at least 2021. In January 2016, both facilities were refinanced before the end of their term, i.e. their conditions and terms to maturity were changed. The group also has bilateral credit lines with banks. With a high degree of diversification regarding its surety and cash credit line, STRABAG creates an adequate risk spread in the provision of the credit lines and secures its comfortable liquidity position.

In June 2015, **S&P** raised STRABAG SE's **investment grade rating** by one level from BBB-, outlook stable to BBB, outlook stable. The ratings agency explained this step by pointing out that the important indicators had already significantly exceeded the requirements for the previous rating and that the forecasts indicated a continuation of this situation for the years to come. S&P sees STRABAG SE's strengths above all in the stable margins in an otherwise quite cyclical market environment, in the effective risk management and in the strong market positions.

PAYMENT OBLIGATIONS

€ mln.	**Book value 31 December 2015**
Bonds	675.00
Bank borrowings	894.41
Liabilities from finance leases	10.34
Total	**1,579.75**

PAYMENT PROFILE OF BONDS AND BONDED LOANS



Segment report

OVERVIEW OF THE FOUR SEGMENTS WITHIN THE GROUP

The business of STRABAG SE is divided into four segments, of which there are three operative segments North + West, South + East and International + Special Divisions, and segment Other, which encompasses the group's Central Divisions and Central Staff Divisions.

The segments are comprised as follows[1]:

NORTH + WEST
Management Board responsibility:
Peter Krammer
Germany, Poland, Benelux, Scandinavia, Ground Engineering, Hydraulic Engineering

SOUTH + EAST
Management Board responsibility:
Siegfried Wanker
Austria, Switzerland, Hungary, Czech Republic, Slovakia, Adriatic, Rest of Europe, Environmental Engineering
Management Board responsibility:
Thomas Birtel
Russia and Neighbouring Countries

INTERNATIONAL + SPECIAL DIVISIONS
Management Board responsibility:
Hannes Truntschnig
International, Tunnelling, Services, Real Estate Development, Infrastructure Development, Construction Materials

OTHER
Management Board responsibility:
Thomas Birtel and Christian Harder
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 environmental or hydraulic engineering. 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	✓	✓	✓
Production of Prefabricated Elements	✓	✓	✓
Engineering Ground Works	✓	✓	✓
Bridge Construction	✓	✓	✓
Power Plants	✓	✓	✓
Environmental Engineering		✓	
Railway Construction	✓	✓	
Roads, Earthworks	✓	✓	✓
Hydraulic Engineering, Waterway Construction, Embankments	✓	✓	
Landscape Architecture and Development	✓	✓	
Paving	✓	✓	✓
Large-Area Works	✓	✓	✓
Sports and Recreation Facilities	✓	✓	
Protective Structures	✓	✓	✓
Sewerage Systems	✓	✓	✓
Production of Construction Materials	✓	✓	✓
Ground Engineering	✓		
Tunnelling			✓
Real Estate Development		✓	✓
Infrastructure Development			✓
Operation/Maintenance/Marketing of PPP Projects	✓		✓
Property and Facility Services			✓

Last updated: 31 December 2015

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: EARNINGS SIGNIFICANTLY BETTER FOLLOWING NEGATIVE IMPACT THE YEAR BEFORE

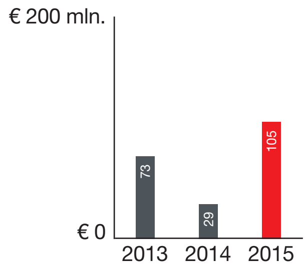
The North + West segment executes construction services of nearly any kind and size with a focus on Germany, Poland, the Benelux countries and Scandinavia. Ground and hydraulic engineering can also be found in this segment.

€ mln.	2015	2014	Δ 2014–2015 %	Δ 2014–2015 absolute
Output volume	6,368.40	6,292.45	1	75.95
Revenue	5,895.10	5,719.12	3	175.98
Order backlog	5,397.45	5,682.38	-5	-284.93
EBIT	105.17	28.67	267	76.50
EBIT margin (% of revenue)	1.8	0.5		
Employees	22,421	23,123	-3	-702

OUTPUT VOLUME NORTH + WEST

€ mln.	2015	2014	Δ 2014–2015 %	Δ 2014–2015 absolute
Germany	4,665	4,651	0	14
Poland	852	693	23	159
Benelux	227	257	-12	-30
Denmark	213	191	12	22
Sweden	210	246	-15	-36
Rest of Europe	49	68	-28	-19
Russia and Neighbouring Countries	39	85	-54	-46
Switzerland	29	28	4	1
Americas	28	21	33	7
Austria	19	20	-5	-1
Middle East	17	14	21	3
Africa	11	8	38	3
Romania	8	6	33	2
Hungary	1	0	n. a.	1
Italy	0	2	-100	-2
Asia	0	2	-100	-2
Total	**6,368**	**6,292**	**1**	**76**

EBIT

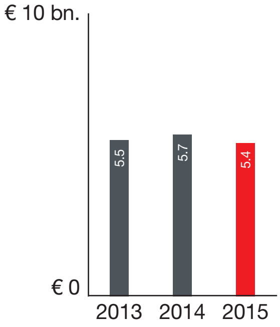


EBIT up strongly after poor performance the previous year

The output volume of the North + West segment, at € 6,368.40 million, remained nearly unchanged in a year-on-year comparison. In the largest market, Germany, the building construction and civil engineering business as well as transportation infrastructures generated an output volume that was almost at the same level as the year before, while this figure declined in Sweden and Benelux, among other places. Poland, the second-largest market in this segment, registered output growth of 23 % thanks to the high level of the order backlog.

The revenue, at € 5,895.10 million, also settled at about the previous year's level. The earnings before interest and taxes (EBIT), on the other hand, grew strongly from € 28.67 million to € 105.17 million. Profits in 2014 had been impacted negatively by projects in Sweden, the Netherlands and Germany. In the past financial year, Poland and the transportation infrastructures business in Germany contributed especially to the results.

ORDER BACKLOG



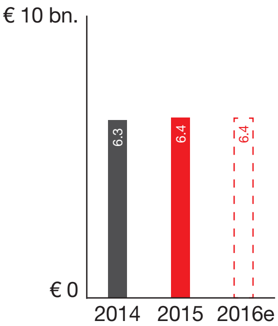
Order backlog on the decline despite large infrastructure projects

The order backlog, at € 5,397.45 million (-5 %), was clearly below the level of the previous year. Despite the acquisition of several new road construction projects in the German home market – e.g. Section 4 of Berlin motorway A 100 by Ed. Züblin AG with a contract value of about € 44 million or the extension of two sections of the A3 in southern Germany for € 90 million –, the previously high order backlog in the country decreased overall. This development can be traced to the situation in building construction where large projects such as Allianz Campus Unterföhring have been completed. The order backlog in Poland grew by a further 2 % over the quite attractive level at the end of the previous year – the largest new order here was the Woźniki–Pyrzowice section of the A1 motorway in the third quarter with a contract value of more than € 118 million –, but this plus could not compensate for the declining volume of orders in Germany, Sweden and Denmark.

Slight drop in employee numbers

The number of employees in the segments fell back by 3 % year-on-year to 22,421 in 2015. A part of this development can be ascribed to Germany, although staff numbers also declined in Sweden and in the rest of Europe.

OUTPUT



Outlook: Higher public expenditures not yet noticeable in Germany

An **output volume** of € 6.4 billion is expected for 2016 in the North + West segment. The **German market for building construction and civil engineering** should remain on a high level. Prices for subcontractor services and for construction materials have remained moderate so far despite the lively building construction activity in the country. The price for reinforcing steel, meanwhile, has fallen significantly and is currently at a multi-year low. In transportation infrastructures, it remains to be seen whether possible investment increases in the form of specific projects will be able to relate market development in 2016.

The **Polish construction sector** has been undergoing a clear recovery since the year 2014. In 2015, Poland's General Directorate for National Roads and Highways significantly increased its volume of tenders. For 2016, a number of road construction projects are still up for tender. STRABAG also expects to see increasing demand in railway construction. On the other hand, more and more tender participants in Poland are bidding at very low price levels. STRABAG therefore expects the full-year output volume to reach a similarly high level as in 2015.

In **Scandinavia**, the countries of Sweden and Denmark are making the most significant contributions to the output volume. Here, both the overall economic environment and the construction market continue to be stable, although the price levels are on the decline due to the higher number of competitors. The economic environment for building construction in Sweden continues to exhibit growth potential at currently still stable margins.

According to a contract signed on 31 March 2016 with Netherlands-based Royal Boskalis Westminster N.V., STRABAG Wasserbau GmbH had transfer its equipment, staff and a series of recently signed maintenance contracts as part of an asset deal. The business field **waterway construction** will remain in this segment.

SELECTED PROJECTS NORTH + WEST

Country	Project	Order backlog € mln.	as % of total group order backlog
Germany	Stuttgart 21, underground railway station	284	2.2
Belgium	Project "Schools of Tomorrow"	129	1.0
Poland	A1 motorway, Tuszyn–Pyrzowice	115	0.9
Denmark	BLOX/Bryghus multi-use building	85	0.6
Germany	Cherbourger Straße harbour tunnel, Bremerhaven	69	0.5

SEGMENT SOUTH + EAST: POSITIVE EARNINGS, BUT LOWER VOLUME OF NEW ORDERS

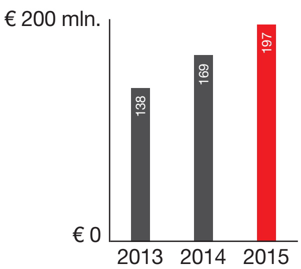
The geographic focus of the segment South + East is on Austria, Switzerland, Hungary, the Czech Republic, Slovakia, Russia and Neighbouring Countries as well as on the region South-East Europe. The environmental engineering activities are also handled within this segment.

€ mln.	2015	2014	Δ 2014–2015 %	Δ 2014–2015 absolute
Output volume	4,535.13	4,170.80	9	364.33
Revenue	4,412.35	3,996.96	10	415.39
Order backlog	3,477.45	4,142.31	-16	-664.86
EBIT	197.05	168.63	17	28.42
EBIT margin (% of revenue)	4.5	4.2		
Employees	18,043	18,769	-4	-726

OUTPUT VOLUME SOUTH + EAST

€ mln.	2015	2014	Δ 2014–2015 %	Δ 2014–2015 absolute
Austria	1,600	1,681	-5	-81
Slovakia	666	386	73	280
Czech Republic	644	505	28	139
Hungary	466	431	8	35
Switzerland	279	294	-5	-15
Romania	203	146	39	57
Russia and Neighbouring Countries	174	190	-8	-16
Germany	129	132	-2	-3
Rest of Europe	101	90	12	11
Slovenia	89	57	56	32
Croatia	55	103	-47	-48
Serbia	43	36	19	7
Bulgaria	32	36	-11	-4
Poland	18	31	-42	-13
Middle East	13	21	-38	-8
Africa	11	12	-8	-1
Italy	7	5	40	2
Asia	3	5	-40	-2
Benelux	1	5	-80	-4
Americas	1	3	-67	-2
Denmark	0	2	-100	-2
Total	**4,535**	**4,171**	**9**	**364**

EBIT

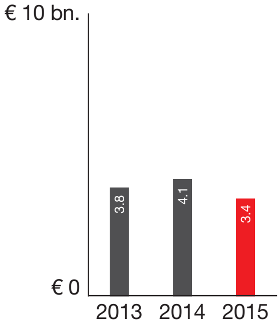


EBIT grows again

The output volume in the South + East segment grew by 9 % year-on-year to € 4,535.13 million. While Slovakia stood out with especially high growth, and positive figures were registered in the Czech Republic as well, the other markets exhibited a varied development.

The segment also reported considerable growth in both revenue as well as the earnings before interest and taxes (EBIT). The revenue increased by 10 % to € 4,412.35 million, the EBIT by 17 % to € 197.05 million. This can be traced back, among other things, to a number of agreements on large construction projects following completion as well as improvements in several markets in this segment.

ORDER BACKLOG



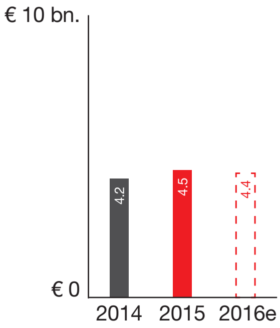
Large projects completed in Hungary and Slovakia

The order backlog, on the other hand, fell by 16 % to € 3,477.45 million. Declines were registered in nearly all markets, with a particularly significant drop in Russia and Neighbouring Countries (RANC), Hungary and Slovakia, where several large orders acquired during the previous year have to a large degree already been worked off.

Fewer employees in RANC, Austria and Switzerland

The number of employees fell slightly by 4 % to 18,043. This decline can largely be ascribed to the RANC region, but also to Austria and Switzerland.

OUTPUT



Outlook: More conservative planning for 2016

The currently low volume of new orders requires slightly more conservative planning. For this reason, STRABAG expects the **output volume** in this segment to fall back slightly to € 4.4 billion. Despite the improvements in the operating business, the earnings forecast must take into consideration the tougher economic environment in several markets in which the segment operates. In **Austria**, the largest market in this segment, an increased price pressure has also dominated the field of building construction in the greater Vienna area for the past two years. Against the backdrop of lower public investments, this business field had previously compensated the tense – in some regions dramatic – situation in transportation infrastructures for the group.

In 2015, **Hungary** has benefited from a good order backlog and from the good weather for transportation infrastructures at the start of the year. But the lower number of EU-financed projects translates into future challenges for the order book situation.

In **Slovakia**, the stable development in both building construction and road construction suggests an improvement of the climate in that country – as evidenced by the tenders for EU-financed infrastructure projects. In the **Czech Republic**, current tenders in building construction are focused mainly on projects in the field of education, such as schools and museums, although competition is contributing to prices being calculated at the limit of profitability.

The **Swiss** market is expected to remain modest at best. On the one hand, an increased number of infrastructure construction projects is coming onto the market after a very quiet period, especially in the greater Zurich area; on the other hand, this market is strongly contested. Demand was also up again slightly in building construction, although the bid prices were on the decline here as well. Despite initial signs of recovery, however, the strong Swiss franc continues to put a damper on economic growth.

The strong price competition that characterises **South-East Europe** is expected to increase. In **Croatia** and in **Slovenia**, the group is hoping to be awarded the tender for EU-financed infrastructure measures. The transportation infrastructures business in South-East Europe shows no signs of improvement, however. For this reason, all activities were stopped e.g. in Moldova already during the first half of the 2015 year.

In **Russia**, the investment climate has been strongly impacted by the consequences of the western economic sanctions, the low oil price, the weak rouble exchange rate and the high inflation. This is true for both the private and public sectors. A considerable economic downturn, with no end in sight, could also be registered in the construction sector in 2015. At best, STRABAG currently expects larger projects in the Moscow housing market to continue to have a chance on the market.

SELECTED PROJECTS SOUTH + EAST

Country	Project	Order backlog € mln.	as % of total group order backlog
Russia	Tula Steel Works	140	1.1
Slovakia	Nitra Industrial Park	100	0.8
Slovakia	D1 motorway Hričovské Podhradie–Lietavská Lúčka	80	0.6
Austria	Residential complex “Wohnen am Helmut-Zilk-Park”	60	0.5
Romania	A3 motorway Ungheni–Ogra	56	0.4

SEGMENT INTERNATIONAL + SPECIAL DIVISIONS: VOLATILE PROJECT BUSINESS

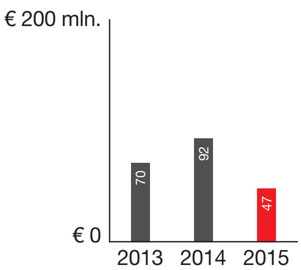
The segment International + Special Divisions includes, on the one hand, the field of tunnelling. The concessions business, on the other hand, represents a further important area of business, with global project development activities in transportation infrastructures in particular. Regardless of where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

€ mln.	2015	2014	Δ 2014–2015 %	Δ 2014–2015 absolute
Output volume	3,250.11	2,970.14	9	279.97
Revenue	2,790.88	2,738.44	2	52.44
Order backlog	4,253.23	4,571.21	-7	-317.98
EBIT	46.79	92.18	-49	-45.39
EBIT margin (% of revenue)	1.7	3.4		
Employees	27,077	25,309	7	1.768

OUTPUT VOLUME INTERNATIONAL + SPECIAL DIVISIONS

€ mln.	2015	2014	Δ 2014–2015 %	Δ 2014–2015 absolute
Germany	1,410	1,243	13	167
Austria	352	321	10	31
Middle East	284	237	20	47
Americas	280	231	21	49
Italy	181	172	5	9
Hungary	118	107	10	11
Czech Republic	113	109	4	4
Africa	93	138	-33	-45
Asia	89	80	11	9
Benelux	73	61	20	12
Poland	63	84	-25	-21
Slovakia	49	39	26	10
Switzerland	31	32	-3	-1
Romania	29	26	12	3
Sweden	29	24	21	5
Rest of Europe	18	10	80	8
Croatia	12	17	-29	-5
Slovenia	9	11	-18	-2
Russia and Neighbouring Countries	8	21	-62	-13
Denmark	5	4	25	1
Bulgaria	2	2	0	0
Serbia	2	1	100	1
Total	**3,250**	**2,970**	**9**	**280**

EBIT

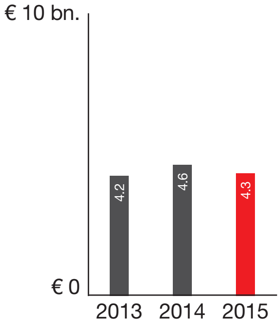


Impairments put considerable pressure on earnings

The output volume of the International + Special Divisions segment grew by 9 % to € 3,250.11 million in 2015. This development was due to the previous year's acquisition of DIW Group and to increases in the non-European markets, among other things.

The revenue grew slightly by 2 % to € 2,790.88 million. The earnings before interest and taxes (EBIT) was cut in half to € 46.79 million, although this must be seen against the very strong previous year. The positive results from project development and facility services were unable to compensate for the negative effects from impairments in the volatile international project business, in particular from a tunnelling project in Chile.

ORDER BACKLOG



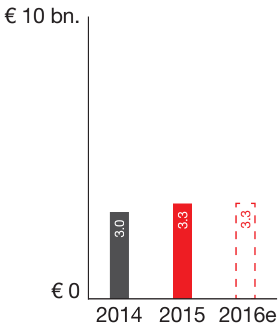
Order backlog on the decline in several markets

The order backlog sank by 7 % to € 4,253.23 million. This trend was observed in several markets within the segment, with the highest declines in Italy and the Americas, where large projects are continuously being worked off. A € 100 million contract for the expansion of a copper mine in Chile could not cushion the impact from this development. In Austria, the order backlog also was slightly below the previous year's level, despite the acquisition of new contracts, e.g. to deliver the electrical and mechanical equipment for the A10 Oswaldibergtunnel and to extend the tunnel transmitter system for Vienna's underground metropolitan railway.

Rise in employee numbers despite declines in Africa and Middle East

The number of employees in the segment grew by 7 % to 27,077, with considerable differences in the individual regions. While the DIW acquisition resulted in a plus of several thousand employees in Germany and Austria, and the start of a project in Chile helped to increase the number of employees in Americas by nearly 1,000 persons, a reduction of staff levels by more than 1,800 employees was registered in Africa and in the Middle East together.

OUTPUT



Outlook: Output volume expected to reach level of previous year

It should be possible to generate a stable output volume of € 3.3 billion in the segment in the 2016 financial year, driven in part by the **property and facility services business** – thanks to the impact from the DIW acquisition – and by **tunnelling**. As edge-out competition continues to define the tunnelling business in the core markets of Austria, Germany, Switzerland and Italy, and a reversal of the trend remains elusive, STRABAG is focusing more on northern Europe and the non-European markets.

This necessary market expansion can also be observed for the **concession business**, i.e. public-private partnerships. As the market for concession projects remains thin in Western Europe – with the exception of Germany – and the political framework and competition present themselves as challenging in Eastern Europe, the group is working increasingly on the non-European markets. In the third quarter of 2015, for example, the company succeeded in entering the Colombian market via the award of a € 900 million concession project.

Internationally the STRABAG Group also is a successful provider in **specialty fields** such as the tunnelling method of pipe jacking and test track construction. In Singapore, for example, the company was awarded the contract to extend the sewer network using the pipe jacking method in the third quarter. Among the non-European markets, STRABAG is focusing its activities – including its core business – especially on the Middle East, above all Oman. In general, however, market development activities must be very selective, as the Middle East as well as Africa are characterised by strong competition.

As in past years, the **real estate development** business should make a positive contribution to both output volume and earnings. The demand for commercial and residential properties in the core market of Germany remains undiminished and has even grown significantly in a year-on-year comparison. The weak euro has led investors from outside Europe to become increasingly involved in this business field. First steps have already been taken to also develop projects in markets outside of Germany. In September, for example, STRABAG entered the Romanian project development market through the acquisition of the Bucharest-based development team of Raiffeisen evolution. Since 2015, projects have also been under development in Poland.

The **construction materials** business was supported by the incipient stabilisation of the construction economy in several Eastern European markets. This represents a significant improvement of the framework conditions compared to the previous year. In Austria, meanwhile, there are first signs of positive growth.

SELECTED PROJECTS INTERNATIONAL + SPECIAL DIVISIONS

Country	Project	Order backlog € mln.	as % of total group order backlog
Italy	Pedemontana motorway	815	6.2
Chile	Alto Maipo hydropower complex	266	2.0
Austria	Koralm Tunnel, Section 2	161	1.2
Austria	Brenner Base Tunnel, Tulfes Pfons	146	1.1
Italy	Brenner Base Tunnel, Eisack River undercrossing	112	0.9

SEGMENT OTHER (SERVICE COMPANIES AND CENTRAL STAFF DIVISIONS)

This segment encompasses the group's internal Central Divisions and Central Staff Divisions.

€ mln.	2015	2014	Δ 2014–2015 %	Δ 2014–2015 absolute
Output volume	136.12	132.61	3	3.51
Revenue	25.15	21.15	19	4.00
Order backlog	6.45	7.54	-14	-1.09
EBIT	0.22	0.35	-37	-0.13
EBIT margin (% of revenue)	0.9	1.7		
Employees	5,774	5,705	1	69

Risk management

The STRABAG Group is subject to a number of risks in the course of its business activities. These risks are systematically identified and assessed using an active risk management system and dealt with using an appropriate risk policy. This risk management policy is an integral part of the management system. It 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. The identification and assessment of risks is the responsibility of the respective management level. The risk controlling process includes the integrated quality management system with internal group guidelines and complementary business, process and technical instructions for the workflow in the operating units, supportive Central Divisions and Central Staff Divisions with technical, legal and administrative service and consulting activities, and Internal Audit as a neutral and independent auditing entity.

Responsibility for the implementation of the project-related risk management systems in the divisions was transferred to the commercial division management.

The Central Division "Project-Related 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 management employees within the scope of their duties and responsibilities, and according to 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 report defines the following central risk groups:

- External risks
- Operating and technical risks
- Financial risks
- Human resources risks
- IT risks
- Investment risks
- Legal risks
- Political risks

Additional risks exist with regard to occupational safety, environmental protection, quality, business continuity and supply chain. These are described in separate policies within the management system. The rules for proper business behaviour are conveyed by the ethics and business compliance system.

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, market presence and range of services as well as the adaptation of strategic and operating planning. STRABAG further responds to market risk with geographic and product-related **diversification** in order to keep the influence on the company's success exerted by an individual market or by the demand for certain services as low as possible. To avoid bearing the risk of rising prices, STRABAG makes efforts at signing cost **escalation clauses** and **"cost-plus-fee" contracts** in which the client pays a previously agreed margin on the costs of the project.

REDUCE OPERATING AND TECHNICAL RISKS WITH BINDING MINIMUM STANDARDS

These risks primarily include the complex risks regarding project selection and execution along with the technical risks that need to be assessed for each project, e.g. site, geology, construction method, technology, materials, equipment, design, work planning, etc. An integral part of the project-related 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 preparing and making bids, as well as integrated internal control systems serving as filters to avoid loss-making projects. Business transactions requiring consent are reviewed and approved by business unit and sub-division managers or by division managers according to internal rules of procedure. At the same time, 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 and Zentrale Technik for assistance in assessing the technical risks and working out innovative solutions for technical problems. Project execution is managed by the construction or project team on site using documented procedures and controlled by **monthly target/performance comparisons**. At the same time, our central controlling provides constant commercial office support for the project, ensuring that risks of individual projects do not endanger the continuity of the company.

FINANCIAL RISKS: ACTIVE LIQUIDITY AND ACCOUNTING 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 guaranteed 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 all business areas in general and by the **internal audit** department in particular.

STRABAG is subject to interest, currency, credit and liquidity risks related to its assets, 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. Detailed information can be found in the Notes under item 26 Financial Instruments.

Business Compliance

COUNTERING ETHICAL RISKS WITH ETHICS AND BUSINESS COMPLIANCE SYSTEM

As corruption is a risk in the construction industry, STRABAG has a number of proven instruments to fight corruption in place within the company. The rules for proper business behaviour are conveyed by the ethics and business compliance system. These have group-wide validity. The STRABAG business compliance model is based on the "Code of Conduct", the "Business Compliance Guidelines", the "Business Compliance Guidelines for Business Partners", and the personnel structure of the STRABAG business compliance model, consisting of the group business compliance coordinator, the regional business compliance representatives as well as the external and internal ombudspersons. Details are available at www.strabag.com > Strategy > Strategic Approach > Business Compliance and in the Corporate Governance Report.

People & Workplace

HUMAN RESOURCE RISKS: COUNTERMEASURES WITH CENTRAL HUMAN RESOURCE MANAGEMENT AND NEEDS-ORIENTED HUMAN RESOURCE DEVELOPMENT

Material human resource risks, such as recruiting bottlenecks, skilled labour shortages, fluctuation and labour law risks, are countered with a **central human resource administration and long-term, needs-oriented human resource development**. Human resource risks are to be greatly reduced through the targeted recruiting of qualified skilled workers and managers, extensive training activities, performance-based pay based on binding compliance with labour law provisions, as well as 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 working conditions and raise employee satisfaction further contribute to the company's attractiveness and prestige.

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 multi-step security and anti-virus concepts, user access rights, password-controlled access, appropriate 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 by nominated **IT committees** using a structured business process management (BPM) approach and are approved for implementation by the BPM steering committee.

INVESTMENT RISKS: SECTOR-TYPICAL MINORITY HOLDINGS OF MIXING PLANTS

STRABAG can exert influence on the management of associated companies through its share-holder position and, at best, any existing advisory functions. The shares in asphalt and concrete mixing companies usually involve **sector-typical minority holdings**. With these companies, economies of scope are at the fore.

AVOIDING LEGAL RISKS THROUGH EXTENSIVE RISK ANALYSIS

The centrally organised Central Staff Divisions Construction Legal Services (CLS) and Contract Management support the operating divisions in legal matters, with regard to construction industry questions or in the analysis of risks in the construction business. Their 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 DISPOSSESSION POSSIBLE

The group also operates in countries which experience political instability. Interruptions of construction activity, restrictions on ownership interests of foreign investors, and even dispossession or expropriations are among the possible consequence 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 committees.

MANAGEMENT SYSTEM FOR WORK SAFETY AND HEALTH IN PLACE

In order to control the risks related to employee safety and health, STRABAG is implementing a work safety and health management system based on **OHSAS 18001** and/or **SCC** or equivalent, works to maintain this system and ensures a suitable emergency organisation. Persons with designated responsibility make sure that the group-wide work safety standards are followed. The aspects of work safety and health also form part of the evaluation of subcontractors and suppliers.

CERTIFIED ENVIRONMENTAL AND ENERGY MANAGEMENT SYSTEM DESIRED

STRABAG works at reducing the negative environmental impact from its activities as far as this is technically possible and economically feasible. The company has made it its goal to implement an environmental and energy management system based on **ISO 14001** and/or **ISO 50001** and/or **EMAS** or equivalent, maintain this system and – whenever possible – minimise the use of natural resources, avoid waste and promote recycling.

QUALITY MANAGEMENT AS COMPONENT OF THE INTEGRATED MANAGEMENT SYSTEM

In concordance with its vision and values, it is the company's aim to realise **construction projects on schedule, of the highest quality and at the best price**. This helps to ensure the quality of the company's processes, services and products at any time. In this process, quality management forms a component of an integrated management system. This system is documented in the Management Manual, in group guidelines and in subordinated provisions.

BUSINESS CONTINUITY: RIGOROUS INCLUSION OF GROUP CENTRAL DIVISIONS

The failure of equipment and production facilities, of subcontractors and suppliers, of human resources, of the IT system, of office buildings and accommodation must not be allowed to threaten the company's existence. For this reason, precautions are being made under a business continuity management system to make sure that incidents or **disasters only temporarily interrupt business activity** – if at all. This includes the rigorous inclusion of the group's own specialised Central Divisions. These are capable of procuring, for example, equipment, accommodation, IT systems or staff on short notice, they build up long-term strategic partnerships with selected subcontractors and suppliers, and have emergency scenarios audited in the IT report.

EVALUATION OF PARTNER COMPANIES TO REDUCE RISKS IN THE SUPPLY CHAIN

In the interest of quality and profitability, 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. It 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 provides the basis for the description of the key features of the internal control and risk management systems in relation to the financial reporting process. The COSO framework consists of five related components: control environment, risk assessment, control activities, information and communication, and monitoring. On this basis, the STRABAG Group set up a company-wide risk management according to generally accepted principles.

The aim of the internal control system is to support management in such a way that it is capable of assuring internal controls in relation to financial reporting which are effective and which are improved on an ongoing basis. The system is geared to the compliance with rules and regulations and to creating conditions which are conducive to performing specific controls in key accounting processes.

Control environment

Internal audit report in the corporate governance report

The corporate culture determines the control environment in which management and employees operate. STRABAG is constantly working to improve its communication and to convey its corporate values as defined in its Code of Conduct and its Business Compliance Guidelines in order to guarantee moral standards, ethics and integrity within the company and in its dealings with others.

The implementation of the internal control system in relation to the financial reporting process is done on the basis of internal rules and guidelines. Responsibilities for internal control were adapted to fit the corporate organisation.

The internal audit department carries out periodic, announced as well as unannounced inspections 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 inspections, 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 most recent review was performed in the first quarter of 2015.

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 forecast. 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 current business process to ensure that errors or deviations in financial reporting are prevented or detected and subsequently corrected. The control activities range from a review of the period results to specific monitoring of accounts and cost centres to the analysis of ongoing accounting processes. It is the responsibility of the management 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, inspection 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 is supported by a restrictive approach to IT access authorisation. 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 committee's work aims, among other things, at guaranteeing compliance with accounting rules and regulations and at identifying and communicating weak points and potential areas for improvement in the financial reporting process. **Accounting employees** receive regular **training** regarding new methods of 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, the results of the respective segments and countries, and 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 Supervisory Board's Audit Committee.

Human resources

In the 2015 financial year, the STRABAG Group employed an average of 73,315 people (2014: 72,906), of which 44,763 were blue-collar and 28,552 were white-collar workers. Despite the integration of several thousand employees of Germany- and Austria-based DIW Group, the number of employees grew only marginally (+1 %). Quite variable trends were observed on the other markets. In the Americas, for example, the company took on more than 1,000 additional employees, while employee levels in Africa fell by a similar figure.

The STRABAG Group places great importance on training and promoting young people, a stance that is reflected in the high number of apprentices and trainees. In 2015, 1,195 blue-collar apprentices (2014: 1,070) and 277 white-collar apprentices (2014: 295) were in training with the group. Additionally, the company employed 84 technical trainees (2014: 53) and 13 commercial trainees (2014: eleven).

In the 2015 financial year, the company made small progress in its goal of annually raising the percentage of women in the group. Women accounted for 13.9 % of employees within the entire group, versus 13.8 % in the previous year, and 8.7 % within group management (2014: 8.5 %).

Research and development

As a technology group for construction services, the STRABAG Group does business in a rapidly changing and highly interconnected environment. It is in this environment 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 convergence between different sectors – driven by increasing societal demands, the fast pace of technological progress and client requests – confront the company with ever more rapidly shifting challenges. To take a more active role in shaping this change, and use it for its own benefit, the STRABAG Group gave itself a more **technological focus**, represented by the organisationally established, **systematic innovation management** that has been in place for the last two years.

Cooperation with international universities and research institutions, development activities with partner companies around the world, and internal research and development projects have been a routine part of the group's daily activities for years. In overall charge of the planning and execution of these projects within the STRABAG Group are the two Central Divisions **Zentrale Technik** (ZT) and **TPA Gesellschaft für Qualitätssicherung und Innovation GmbH** (TPA), both of which report directly to the CEO.

ZT is organised as a Central Division with **885** highly qualified employees at 25 locations. It provides services in the areas of tunnelling, civil and structural engineering, and turnkey construction along the entire construction process. From the early acquisition stage and bid processing to construction design and site management, ZT offers innovative solutions with regard to construction materials technology, construction management, building physics, and software solutions. Central topics for innovation activities are digitalisation, sustainable construction and renewable energy. Among other things, the employees at ZT develop methods and tools to optimise construction activity from the digital design to impact on the environment. The specialist staff department of Development and Innovation oversees the systematic networking of people and relevant topics, promotes new ideas and helps to drive innovation. In 2015, the first Innovation Day was held to exchange ideas across organisational boundaries.

TPA is the group's competence centre for quality management and materials-related research and development. Its main tasks include ensuring the quality of the construction materials, structures and services, the safety and improvement of processes, as well as developing and reviewing standards for the handling and processing of construction materials. Additional research topics in 2015 focused on new developments in sensor technology and the sustainable optimisation of roadway surfaces. TPA has **760 employees** at 130 locations in 17 countries, making it one of Europe's largest private laboratory companies.

EFKON AG – a subsidiary of STRABAG – is active in the research and development of intelligent traffic telematics systems, especially with regard to electronic toll collection and enforcement. The development focus last year was on the various toll enforcement systems for the planned national tolling system in Belgium. The research focus in 2015 was on algorithms and methods for image capture systems. Last year, for example, EFKON launched the research project ARGLOS together with the Austrian Association for Research and motorway operator ASFINAG to work on the automatic assessment of the traffic situation from images captured by the webcams installed along Austria's motorways. The technology company headquartered in Raaba near Graz, Austria, is seeing a high amount of international demand and has repeatedly been able to achieve an export ratio of over 90 % in recent years.

The versatility of the STRABAG Group is reflected in the many different areas of expertise it has to offer and the variety of demands it has to face. The **group's knowledge management** therefore makes use of suitable methods and tools to encourage and support the exchange of experience and information among employees. This facilitates the cooperation among the different divisions, which is an important factor leading to new developments: from digitalisation in purchasing to wooden towers for wind turbines to new assessment procedures using humidity probes.

In addition to specific research projects at the group's units and subsidiaries, a large part of the **research and development activities** takes place **during ongoing construction projects** – especially involving tunnelling, construction engineering and ground engineering. During work in these areas, new challenges or specific questions often arise which require new technological processes or innovative solutions to be developed on-site.

The STRABAG Group spent about € 12 million (2014: about € 15 million) on research, development and innovation activities during the 2015 financial year.

Environment

Ecological responsibility is one of the six strategic fields of action within the STRABAG Group. The constant aim is to minimise the negative impact on the environment that results from the business activity. The most effective contribution can be made by lowering the **energy and material use** and reducing the demand for fossil fuels. With its extensive **energy management**, the company is on the right path: in 2015, it was possible to lower energy costs by 14 % versus 2014. This is of course also due to the lower market prices for energy sources. The carbon footprint of all consolidated companies shows a reduction of CO_2 emissions by 41,845 tonnes. The energy costs for the companies within STRABAG SE's scope of consolidation amounted to € 262.77 million (2014: € 304.67 million).

ENERGY USE WITHIN THE GROUP

Form of energy[1]	Unit	2011	2012	2013	2014	2015
Electricity	MWh	499,146	486,033	497,943	433,164	443,009
Fuel	thousands of litres	241,433	245,660	252,718	230,926	222,261
Gas	heating value in MWh	658,356	565,048	585,857	505,371	531,201
Heating oil	thousands of litres	21,644	17,790	16,053	14,388	17,661
Pulverised lignite	tonnes	84,318	79,107	69,602	75,247	72,174

The focus in 2015 was on the analysis of the group's main energy source: fuels. By monitoring the **fuel consumption** of the passenger car and commercial vehicles fleet in Germany and Austria, it was possible to identify enormous savings potential. In order to live up to the goal of doing business while saving resources, appropriate action was prepared and implemented in 2015 to establish FuelTracker as a tool to lower the fuel consumption and CO_2 emissions of STRABAG's passenger car and commercial vehicles fleet. A further task was the development of indicators to recognise potential savings with regard to the **energy efficiency** of the asphalt plants. The **ISO 50001**-certified energy management system, which STRABAG introduced in 2015 for all companies in Austria in which STRABAG SE has at least a 50 % interest, foresees the implementation of energy savings measures to lower the energy consumption by 0.6 % based on the total annual energy consumption of the above-mentioned companies.

1) The amounts stated were calculated on the basis of the energy costs as well as the average price per energy source. Variations in the energy figures in comparison to other publications are due to the enhancement of the evaluation system.

Website Corporate Governance Report

The STRABAG SE Corporate Governance Report is available online at www.strabag.com > Investor Relations > Corporate Governance > Corporate Governance Report.

Disclosures pursuant to Section 243a Para 1 UGB

1. The share capital of STRABAG SE amounts to € 114,000,000 and consists of 114,000,000 fully paid-in, no-par value shares with a pro rata value of € 1 per share of the share capital. 113,999,997 shares are bearer shares and are traded on 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 4.

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., Raiffeisen Versicherung AG) and 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 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 preemptive rights as well as a minimum shareholding on the part of the syndicate partners.

In accordance with Section 65 Para 5 of the Austrian Stock Corporation Act (AktG), all rights were suspended for 11,400,000 no-par shares (10 % of the share capital) effective 31 December 2015 as these shares are held by STRABAG SE as own shares as defined in Section 65 Para 1 No 8 of the Austrian Stock Corporation Act (AktG) (see also item 7).

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 2015:

- Haselsteiner Group..........................25.5 %
- Raiffeisen-Holding Niederösterreich-Wien reg.Gen.m.b.H. (Raiffeisen-Group)........................... 12.7 %
- UNIQA Versicherungen AG (UNIQA Group) .... 13.8 %
- Rasperia Trading Limited.....25.0 % +1 share

The company itself held 11,400,000 no-par shares on 31 December 2015, which corresponds to 10 % of the share capital (see also item 7). These shares are currently intended as acquisition currency.

The remaining shares of the share capital of STRABAG SE, amounting to about 13.0 % of the share capital, are in free float.

4. Three shares are – as mentioned under item 1 – registered shares entered in the shareholder register. Registered shares No. 1 and No. 3 are held by the Haselsteiner Group and registered share No. 2 is held by 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.

5. No employee stock option programmes exist.

6. No further regulations exist beyond items 2 and 4 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.

7. The Management Board of STRABAG SE, in accordance with Section 169 of the Austrian Stock Corporation Act (AktG), was authorised by resolution of the 10th Annual General Meeting of 27 June 2014 and with approval by the Supervisory Board to increase the share capital of the company by up to € 57,000,000 by 27 June 2019, in several tranches if necessary, by issuing up to 57,000,000 registered no-par shares for cash or contributions in kind (in this case also to the partial or full exclusion of the shareholders' subscription rights).

   The Management Board, in accordance with Section 174 Para 2 of the Austrian Stock Corporation Act (AktG), was further authorised by resolution of the 8th Annual General Meeting of 15 June 2012 and with the approval of the Supervisory Board to issue financial instruments within the meaning of Section 174 of the Austrian Stock Corporation Act (AktG) – in particular convertible bonds, income bonds and profit participation rights – with a total nominal value of up to € 1,000,000,000, which may also confer subscription and/or exchange rights for the acquisition of up to 50,000,000 shares of the company and/or may be designed in such a way that they can be issued as equity, also in several tranches and in different combinations, up to five years inclusive from the day of this resolution, also indirectly by way of a guarantee for the issue of financial instruments through an associate or related entity of the company with conversion rights on shares of the company.

   The Management Board was also authorised by resolution of this Annual General Meeting, in accordance with Section 65 Para 1b of the Austrian Stock Corporation Act (AktG), for a period of five years from this resolution, to sell or assign its own shares, with approval by the Supervisory Board, in a manner other than on the stock market or through a public tender, to the exclusion of the shareholders' buyback rights (subscription rights), and to determine the conditions of sale. The authorisation can be exercised in full or in part or in several partial amounts for one or several purposes by the company, a subsidiary (Section 228 Para 3 UGB) or third parties acting on behalf of the company.

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 28 of the Notes.

Supporting information

At the beginning of March 2009, an accident occurred during underground construction at the South Lot for the North-South urban metro line in Cologne, resulting in the collapse of the Historical Archive of the City of Cologne and significant portions of two neighbouring buildings. Debris collapsed into a hole which opened next to the North-South construction site at the Waidmarkt crossover junction. Two people were trapped under the rubble, and rescuers were only able to recover their bodies.

Construction on the underground is being carried out by a joint venture (JV) of Bilfinger SE (formerly Bilfinger Berger AG), Wayss & Freytag Ingenieurbau AG and our company. The JV is led by Bilfinger SE on the technical side and by Wayss & Freytag Ingenieurbau AG on the commercial side. Through its subsidiary Ed. Züblin AG, the STRABAG Group holds a 33.3 % interest in the JV.

The cause of the collapse remains unknown. The public prosecutor's office began an investigation – initially against persons unknown – with three separate experts into possible negligent homicide and endangerment in construction. Two independent proceedings are being conducted by the District Court in Cologne: one to collect evidence as to the cause of the accident and another to establish the damage to the buildings and archives. Merely for the purpose of extending the statute of limitations, the public prosecutor's office in December 2013 opened proceedings against approximately 100 persons associated closely or loosely with the project. This purely precautionary measure does not represent any statement as to the cause of the accident. In this respect, it remains to be seen what the final result of the investigation of the site and the expert report reveal. For purposes of the investigation, construction is continuing on a model of the building, the completion and use of which was originally expected by mid-2014. As things stand, however, full completion and use can be expected no sooner than mid-2017. The model is to help clarify whether there were any mistakes or errors associated with the diaphragm wall set up by the JV.

We continue to believe that this project does not result in any significant damages for the company.

Outlook

The Management Board of STRABAG SE expects the **output volume** to remain about the same at approximately € 14.3 billion in the 2016 financial year. This will likely be composed of € 6.4 billion from the North + West segment, € 4.4 billion from the South + East segment and € 3.3 billion from the International + Special Divisions segment. The remainder can be allotted to the segment designated as “Other”. The company therefore expects the output contributions from the individual segments to remain nearly stable. Organic growth at about the level of inflation is expected for the years to come.

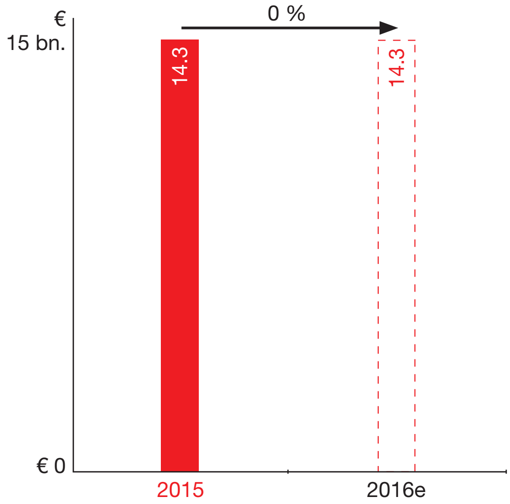
STRABAG had previously issued a target of achieving a lasting **EBIT margin** (EBIT/revenue) of 3 % starting in 2016. As the efforts to further improve the risk management and to lower costs have already had a positive impact on earnings, the company confirms this target.

The earnings expectations are based on the assumption of solid demand in the German building construction and civil engineering market. At the same time, the company is hoping for the first additional investments by the public sector in transportation infrastructures in this home market. Very positive contributions to the earnings continue to be expected especially from Poland, the property and facility management entities, the real estate and the infrastructure development business, and building construction in Austria.

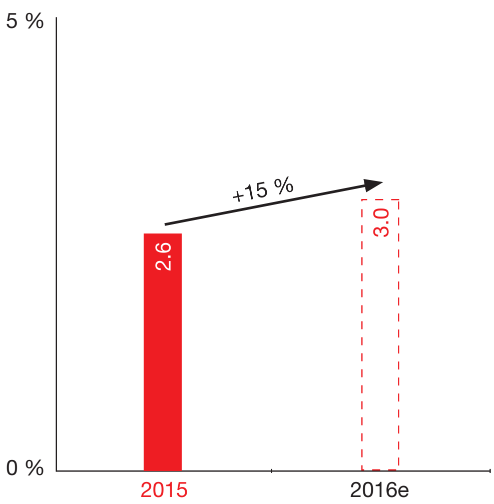
The international business, by contrast, is weaker as the low oil price has led to a considerable decline in demand in the group's traditional non-European markets. As expected, while the construction materials business has managed the turnaround, there has been no such development in Switzerland so far. The dredging activities were sold according to the contract signed on 31 March 2016. Only the business field waterway construction will remain in the group. The price pressure is expected to remain strong in the countries of Central and Eastern Europe, although, for example, work is continuing successfully in Slovakia on several larger infrastructure projects.

Even apart from possible larger enterprise transactions – e.g. the acquisition of the minority shares of Ed. Züblin AG, Stuttgart – the **net investments** should increase slightly. The cash flow from investing activities, without considering acquisitions, will likely reach around € 400 million in 2016 after € 320 million in 2015.

OUTPUT OUTLOOK



EBIT MARGIN OUTLOOK



Events after the reporting period

The material events after the reporting period are described in item 32 of the Notes

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

Consolidated income statement

T€	Notes	2015	2014
Revenue	(1)	13,123,476	12,475,673
Changes in inventories		-26,194	-34,430
Own work capitalised		5,761	8,770
Other operating income	(2)	221,465	225,215
Construction materials, consumables and services used	(3)	-8,619,028	-8,163,254
Employee benefits expenses	(4)	-3,158,252	-3,057,674
Other operating expenses	(5)	-826,900	-791,363
Share of profit or loss of equity-accounted investments	(6)	61,889	40,275
Net income from investments	(7)	33,883	16,731
EBITDA		**816,100**	**719,943**
Depreciation and amortisation expense	(8)	-475,057	-437,984
EBIT		**341,043**	**281,959**
Interest and similar income		82,071	82,169
Interest expense and similar charges		-106,490	-108,366
Net interest income	**(9)**	**-24,419**	**-26,197**
EBT		**316,624**	**255,762**
Income tax expense	(10)	-134,128	-108,259
Net income		**182,496**	**147,503**
attributable to: non-controlling interests		26,210	19,534
attributable to: equity holders of the parent company		156,286	127,969
Earnings per share (€)	**(11)**	**1.52**	**1.25**

Statement of total comprehensive income

T€	Notes	2015	2014
Net income		**182,496**	**147,503**
Differences arising from currency translation		9,390	-29,340
Recycling of differences arising from currency translation		-3,706	-1,879
Change in hedging reserves including interest rate swaps		-3,609	-42,409
Recycling of hedging reserves including interest rate swaps		24,703	23,271
Change in fair value of financial instruments under IAS 39		-193	2,155
Deferred taxes on neutral change in equity	(10)	-4,121	3,336
Other income from equity-accounted investments		698	-4,832
Total of items which are later recognised ("recycled") in the income statement		**23,162**	**-49,698**
Change in actuarial gains or losses		41,547	-106,940
Deferred taxes on neutral change in equity	(10)	-11,357	29,534
Other income from equity-accounted investments		34	-397
Total of items which are not later recognised ("recycled") in the income statement		**30,224**	**-77,803**
Other income		**53,386**	**-127,501**
Total comprehensive income		**235,882**	**20,002**
attributable to: non-controlling interests		30,279	8,863
attributable to: equity holders of the parent company		205,603	11,139

Consolidated balance sheet

T€	Notes	31.12.2015	31.12.2014
Intangible assets	(12)	510,801	535,725
Property, plant and equipment	(12)	1,881,520	2,015,061
Investment property	(13)	13,817	33,773
Equity-accounted investments	(14)	373,419	401,622
Other financial assets	(14)	201,905	232,644
Receivables from concession arrangements	(17)	710,248	728,790
Trade receivables	(17)	75,089	72,509
Income tax receivables	(17)	3,572	2,331
Other financial assets	(17)	221,773	205,883
Deferred taxes	(15)	291,928	278,123
Non-current assets		**4,284,072**	**4,506,461**
Inventories	(16)	801,701	849,400
Receivables from concession arrangements	(17)	28,829	26,654
Trade receivables	(17)	2,317,882	2,473,559
Non-financial assets	(17)	67,579	58,727
Income tax receivables	(17)	52,115	40,004
Other financial assets	(17)	374,360	396,713
Cash and cash equivalents	(18)	2,732,330	1,924,019
Assets held for sale	(19)	70,000	0
Current assets		**6,444,796**	**5,769,076**
Assets		**10,728,868**	**10,275,537**
Share capital		114,000	114,000
Capital reserves		2,311,384	2,311,384
Retained earnings and other reserves		613,647	459,328
Non-controlling interests		281,604	259,588
Group equity	**(20)**	**3,320,635**	**3,144,300**
Provisions	(21)	1,093,379	1,121,609
Financial liabilities[1]	(22)	1,293,753	1,176,724
Trade payables	(22)	78,370	56,815
Non-financial liabilities	(22)	900	1,167
Other financial liabilities	(22)	16,780	13,072
Deferred taxes	(15)	36,064	39,317
Non-current liabilities		**2,519,246**	**2,408,704**
Provisions	(21)	774,051	667,361
Financial liabilities[2]	(22)	285,994	433,198
Trade payables	(22)	2,915,939	2,729,754
Non-financial liabilities	(22)	383,753	422,419
Income tax liabilities	(22)	187,611	104,030
Other financial liabilities	(22)	341,639	365,771
Current liabilities		**4,888,987**	**4,722,533**
Equity and liabilities		**10,728,868**	**10,275,537**

1) Thereof T€ 439,377 concerning non-recourse liabilities from concession arrangements (2014: T€ 489,530)
2) Thereof T€ 50,153 concerning non-recourse liabilities from concession arrangements (2014: T€ 49,078)

Consolidated cash flow statement

T€	Notes	2015	2014
Net income		182,496	147,503
Deferred taxes		-36,834	654
Non-cash effective results from consolidation		-4,947	-2,233
Non-cash effective results from equity-accounted investments		32,507	36,081
Depreciations/write-ups		505,070	451,114
Change in long-term provisions		12,089	19,861
Gains/losses on disposal of non-current assets		-32,406	-32,748
Cash flow from earnings		*657,975*	*620,232*
Change in inventories		9,473	79,627
Change in trade receivables, construction contracts and consortia		192,808	247,817
Change in receivables from subsidiaries and receivables from participation companies		-21,641	56,600
Change in other assets		-14,330	-24,307
Change in trade payables, construction contracts and consortia		206,531	-167,014
Change in liabilities from subsidiaries and liabilities from participation companies		14,931	4,433
Change in other liabilities		95,565	21,402
Change in current provisions		99,039	-33,464
Cash flow from operating activities		**1,240,351**	**805,326**
Purchase of financial assets		-23,286	-21,025
Purchase of property, plant, equipment and intangible assets		-395,751	-346,487
Gains/losses on disposal of non-current assets		32,406	32,748
Disposals of non-current assets (carrying value)		64,982	57,361
Change in other financing receivables		7,539	-98,607
Change in scope of consolidation		-6,097	-59,292
Cash flow from investing activities		**-320,207**	**-435,302**
Change in bank borrowings		-130,017	-92,247
Issue of bonds		200,000	0
Repayment of bonds		-100,000	-7,500
Repayment of payables relating to finance leases		-828	-11,341
Change in other financing liabilities		-29,921	23,584
Change in non-controlling interests due to acquisition		-222	2,709
Distribution of dividends		-56,558	-57,628
Cash flow from financing activities		**-117,546**	**-142,423**
Net change in cash and cash equivalents		**802,598**	**227,601**
Cash and cash equivalents at the beginning of the period		1,906,038	1,684,700
Change in cash and cash equivalents due to currency translation		5,714	-15,550
Change in restricted cash and cash equivalents		12,297	9,287
Cash and cash equivalents at the end of the period	**(25)**	**2,726,647**	**1,906,038**

Statement of changes in equity

T€	Share capital	Capital reserves	Retained earnings	Hedging reserves	Foreign currency reserves	Group equity	Non-controlling interests	Total equity
Balance as at 1.1.2014	**114,000**	**2,311,384**	**641,977**	**-96,686**	**-53,687**	**2,916,988**	**321,781**	**3,238,769**
Net income	0	0	127,969	0	0	127,969	19,534	147,503
Differences arising from currency translation	0	0	0	0	-29,672	-29,672	-1,547	-31,219
Change in hedging reserves	0	0	0	-642	0	-642	-15	-657
Change in financial instruments IAS 39	0	0	2,089	0	0	2,089	66	2,155
Change in equity-accounted investments	0	0	-388	-503	-4,219	-5,110	-119	-5,229
Change of actuarial gains and losses	0	0	-94,522	0	0	-94,522	-12,418	-106,940
Neutral change of interest rate swaps	0	0	0	-18,081	0	-18,081	-400	-18,481
Deferred taxes on neutral change in equity	0	0	25,455	3,653	0	29,108	3,762	32,870
Total comprehensive income	**0**	**0**	**60,603**	**-15,573**	**-33,891**	**11,139**	**8,863**	**20,002**
Transactions concerning non-controlling interests	0	0	2,755	0	0	2,755	-59,598	-56,843
Distribution of dividends[1]	0	0	-46,170	0	0	-46,170	-11,458	-57,628
Balance as at 31.12.2014 = Balance as at 1.1.2015	**114,000**	**2,311,384**	**659,165**	**-112,259**	**-87,578**	**2,884,712**	**259,588**	**3,144,300**
Net income	0	0	156,286	0	0	156,286	26,210	182,496
Differences arising from currency translation	0	0	0	0	6,290	6,290	-606	5,684
Change in hedging reserves	0	0	0	158	0	158	4	162
Change in financial instruments IAS 39	0	0	-194	0	0	-194	1	-193
Change in equity-accounted investments	0	0	33	-468	1,150	715	17	732
Change of actuarial gains and losses	0	0	35,385	0	0	35,385	6,162	41,547
Neutral change of interest rate swaps	0	0	0	20,529	0	20,529	403	20,932
Deferred taxes on neutral change in equity	0	0	-9,429	-4,137	0	-13,566	-1,912	-15,478
Total comprehensive income	**0**	**0**	**182,081**	**16,082**	**7,440**	**205,603**	**30,279**	**235,882**
Change in representation[2]	0	0	-12,633	-1,288	13,921	0	-2,767	-2,767
Transactions concerning non-controlling interests	0	0	16	0	0	16	-238	-222
Distribution of dividends[3]	0	0	-51,300	0	0	-51,300	-5,258	-56,558
Balance as at 31.12.2015	**114,000**	**2,311,384**	**777,329**	**-97,465**	**-66,217**	**3,039,031**	**281,604**	**3,320,635**

1) The total dividend payment of T€ 46,170 corresponds to a dividend per share of € 0.45 based on 102,600,000 shares.

2) Due to changes in the presentation, non-controlling interests in Kommanditgesellschaften (limited partnership business entities) in the amount of T€ 2,767 were reclassified as other financial receivables or payables and parts of the hedging reserves and foreign currency reserves were reclassified.

3) The total dividend payment of T€ 51,300 corresponds to a dividend per share of € 0.50 based on 102,600,000 shares.

Consolidated statement of fixed assets as at 31 December 2015

T€	Balance as at 31.12.2014	Change in scope of consolidation	Currency translation	Acquisition and production costs Balance as at 1.1.2015	Additions	Transfers
I. Intangible Assets						
1. Concessions, industrial property rights and similiar rights as well as licences derived thereof	135,079	-1,094	36	134,021	3,070	0
2. Goodwill	681,632	1,271	3,771	686,674	0	0
3. Development costs	26,590	-6,142	0	20,448	395	0
4. Advances paid	0	0	0	0	224	0
Total	**843,301**	**-5,965**	**3,807**	**841,143**	**3,689**	**0**
II. Tangible Assets						
1. Properties, land rights equivalent to real property, buildings including buildings on third-party property	1,378,097	9,111	6,716	1,393,924	48,448	8,184
2. Technical equipment and machinery	2,658,844	1,183	21,713	2,681,740	166,276	-159,997
3. Other facilities, furniture and fixtures and office equipment	987,629	-2,801	6,083	990,911	117,444	555
4. Advances paid and facilities under construction	69,994	3,398	-3,871	69,521	59,808	-17,714
Total	**5,094,564**	**10,891**	**30,641**	**5,136,096**	**391,976**	**-168,972**
III. Investment Property	**199,917**	**-35,495**	**36**	**164,458**	**86**	**0**

Consolidated statement of fixed assets as at 31 December 2014

T€	Balance as at 31.12.2013	Change in scope of consolidation	Currency translation	Acquisition and production costs Balance as at 1.1.2014	Additions	Transfers
I. Intangible Assets						
1. Concessions, industrial property rights and similiar rights as well as licences derived thereof	114,769	23,280	445	138,494	6,047	197
2. Goodwill	641,239	43,724	-3,331	681,632	0	0
3. Development costs	27,595	-1,727	0	25,868	722	0
4. Advances paid	139	0	0	139	58	-197
Total	**783,742**	**65,277**	**-2,886**	**846,133**	**6,827**	**0**
II. Tangible Assets						
1. Properties, land rights equivalent to real property, buildings including buildings on third-party property	1,413,980	-26,031	-11,057	1,376,892	29,282	11,414
2. Technical equipment and machinery	2,673,139	5,946	-9,458	2,669,627	164,503	6,350
3. Other facilities, furniture and fixtures and office equipment	975,774	9,377	-6,656	978,495	114,234	1,557
4. Advances paid and facilities under construction	66,698	-5,900	-1,388	59,410	31,355	-19,321
Total	**5,129,591**	**-16,608**	**-28,559**	**5,084,424**	**339,374**	**0**
III. Investment Property	**203,349**	**0**	**-15**	**203,334**	**286**	**0**

1) Of this amount, impairments of T€ 82,162 (2014: T€ 49,967), reversal of depreciation T€ 668 (2014: T€ 5,305)
2) Of this amount, impairments of T€ 49,967 (2013: T€ 28,924), reversal of depreciation T€ 5,305 (2013: T€ 0)

Disposals	Balance as at 31.12.2015	Accumulated depreciation: Balance as at 31.12.2014	Change in scope of consolidation	Currency translation	Additions[1]	Transfers	Disposals	Balance as at 31.12.2015	Carrying values: Values 31.12.2015	Values 31.12.2014
5,978	131,113	77,866	-1,186	-174	9,262	0	5,752	80,016	51,097	57,213
0	686,674	209,464	-3,193	8	24,750	0	0	231,029	455,645	472,168
0	20,843	20,246	-6,142	0	2,904	0	0	17,008	3,835	6,344
0	224	0	0	0	0	0	0	0	224	0
5,978	**838,854**	**307,576**	**-10,521**	**-166**	**36,916**	**0**	**5,752**	**328,053**	**510,801**	**535,725**
50,303	1,400,253	523,759	772	1,736	62,512	0	26,848	561,931	838,322	854,338
155,097	2,532,922	1,865,362	-3,850	17,394	262,412	-98,980	143,386	1,898,952	633,970	793,482
92,036	1,016,874	670,554	-3,985	4,726	110,287	28	83,100	698,510	318,364	317,075
20,751	90,864	19,827	0	0	0	-20	19,807	0	90,864	50,167
318,187	**5,040,913**	**3,079,502**	**-7,063**	**23,856**	**435,211**	**-98,972**	**273,141**	**3,159,393**	**1,881,520**	**2,015,062**
194	**164,350**	**166,144**	**-18,497**	**0**	**2,930**	**0**	**44**	**150,533**	**13,817**	**33,773**

Disposals	Balance as at 31.12.2014	Accumulated depreciation: Balance as at 31.12.2013	Change in scope of consolidation	Currency translation	Additions[2]	Transfers	Disposals	Balance as at 31.12.2014	Carrying values: Values 31.12.2014	Values 31.12.2013
9,659	135,079	84,112	-4,494	397	7,481	0	9,630	77,866	57,213	30,657
0	681,632	180,649	0	-17	28,832	0	0	209,464	472,168	460,590
0	26,590	17,193	-297	0	3,350	0	0	20,246	6,344	10,402
0	0	0	0	0	0	0	0	0	0	139
9,659	**843,301**	**281,954**	**-4,791**	**380**	**39,663**	**0**	**9,630**	**307,576**	**535,725**	**501,788**
39,491	1,378,097	497,704	-6,781	-2,223	54,235	328	19,504	523,759	854,338	916,276
181,636	2,658,844	1,800,819	2,474	-6,584	237,932	-289	168,990	1,865,362	793,482	872,320
106,657	987,629	659,773	5,941	-3,647	106,431	-39	97,905	670,554	317,075	316,001
1,450	69,994	25,778	-5,805	0	0	0	146	19,827	50,167	40,920
329,234	**5,094,564**	**2,984,074**	**-4,171**	**-12,454**	**398,598**	**0**	**286,545**	**3,079,502**	**2,015,062**	**2,145,517**
3,703	**199,917**	**166,455**	**0**	**0**	**-278**	**0**	**33**	**166,144**	**33,773**	**36,894**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basic principles

The STRABAG Group is a leading European technology group for construction services. The company has its headquarters in Triglavstraße 9, 9500 Villach, Austria. From its core markets of Austria and Germany, STRABAG is present via its numerous subsidiaries in all countries of Eastern and South-East Europe including Russia, in selected markets in North and Western Europe and the Arabian Peninsula, as well as in the project business in Africa, Asia and the Americas. STRABAG's activities span the entire construction industry (Building Construction & Civil Engineering, Transportation Infrastructures, Tunnelling, construction-related services) and cover the entire value-added chain in the field of construction.

The consolidated financial statements of STRABAG SE, at the reporting date 31 December 2015, 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 comprehensive income, the financial statements include a cash flow statement in accordance with IAS 7, a statement of changes in equity and a statement of recognised income and expense (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 2015 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 became mandatory on 1 January 2015 or 17 June 2014.

	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)
IFRIC 21 Levies	1.1.2014	17.6.2014
Annual Improvements to IFRS 2011–2013	1.7.2014	1.1.2015

The first-time application of the remaining aforementioned IFRIC interpretations and IFRS standards had only minor impact on the consolidated financial statements as at 31 December 2015, as the changes were applicable only in certain cases. These also did not result in changes to the methods of accounting and valuation.

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 2015 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 IAS 19 Defined Benefit Plans: Employee Contributions	1.7.2014	1.2.2015	minor impact
Annual Improvements to IFRS 2010–2012	1.7.2014	1.2.2015	minor impact
Amendments to IFRS 11 Joint Arrangements: Accounting for the acquisition of an interest in a joint operation	1.1.2016	1.1.2016	minor impact
Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Acceptable methods of depreciation and amortisation	1.1.2016	1.1.2016	no
Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Bearer Plants	1.1.2016	1.1.2016	no
IFRS 9 (2009, 2010, 2013) Financial Instruments	1.1.2018	n. a.[1]	is being analysed
IFRS 14 Regulatory Deferral Accounts	1.1.2016	n. a.	no
IFRS 15 Revenue from Contracts with Customers	1.1.2018	n. a.	is being analysed
IFRS 16 Leasing	1.1.2019	n. a.	is being analysed
Amendments to IAS 27 Separate Financial Statements: Equity method in separate financial statements	1.1.2016	1.1.2016	no
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sales or contributions of assets between an investor and its associate/joint venture	n. a.	n. a.	minor impact
Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures: Investment entities: Applying the consolidation exception	1.1.2016	n. a.	minor impact
Amendments to IAS 1 Presentation of Financial Statements	1.1.2016	1.1.2016	minor impact
Improvements project IFRS 2012–2014	1.1.2016	1.1.2016	is being analysed
Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses	1.1.2017	n. a.	is being analysed
Amendments to IAS 7 Disclosure Initiative	1.1.2017	n. a.	is being analysed

Consequences for the consolidated financial statements are expected especially from the application of the following standards and interpretations:

The **amendments to IAS 12** clarify that unrealised losses on debt instruments (from impairment losses on fair value) give rise to deferred tax assets on temporary differences. The amendments also clarify that, for all deductible temporary differences together, an evaluation must be made as to whether sufficient future taxable profits will be available against which the temporary differences can be utilised. The amendments specify how to determine probable future taxable profits.

The **amendments to IFRS 11** clarify how to account for acquisitions of an interest in a joint operation when the operation constitutes a business.

IFRS 9 follows a new standard for the classification and measurement of financial assets, distinguishing only between two measurement categories (measurement at fair value and measurement at amortised cost) based on the entity’s business model or on the characteristics of the contractual cash flows of the financial asset in question. Measurement with regard to impairment is to be performed using a uniform method.

IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles-based five-step model to be applied to all contracts with customers. IFRS 15 supersedes the corresponding standards in IAS 11, IAS 18 and IFRIC 15.

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

IFRS 16 supersedes the current standard and related interpretations on lease accounting (IAS 17, IFRIC 4, SIC 15 and SIC 27). It specifies how lessees and lessors will recognise, measure, prevent and disclose leases. IFRS 16 requires a lessee to recognise a right-of-use asset and a lease liability.

The application of the other new standards and interpretations is expected to have only a minor impact in the future on the consolidated financial statements.

Early application of the new standards and interpretations is not planned.

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 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 2015 financial year, T€ 4,464 (2014: T€ 43,724) in goodwill arising from capital consolidation were recognised as assets. Impairments in the amount of T€ 24,750 (2014: T€ 28,832) were made.

Immaterial subsidiaries are not consolidated; these are reported at cost or at fair value in accordance with IAS 39 if this value can be reliably determined and recognised in the item other financial assets.

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, the initial equity measurement of newly acquired entities resulted in net goodwill in the amount of T€ 0 (2014: T€ 0), which is recognised as a component of equity-accounted investments.

Associates which are not recognised using the equity method are recognised at cost or at fair value in accordance with IAS 39 if this value can be reliably determined and recognised in the item other financial assets.

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 not recognised using the equity method are recognised at cost or at fair value in accordance with IAS 39 if this value can be reliably determined and recognised in the item other financial assets.

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 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

Investments which do not constitute subsidiaries, joint ventures or associates are recognised at cost or at fair value in accordance with IAS 39 if this value can be reliably determined and recognised in the item other financial assets.

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.

Unrealised profits from transactions between group entities and equity-accounted investments 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 2015 include STRABAG SE as well as all major domestic and foreign subsidiaries over which STRABAG SE either directly or indirectly has control. Associated companies 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 2015 consolidated financial statements are given in the list of subsidiaries, equity-accounted investments and participation companies.

The financial year for all consolidated subsidiaries and equity-accounted investments, 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 2015, 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 investments

The number of consolidated companies changed in the 2015 financial year as follows:

	Consolidation	**Equity method**
Situation as at 31.12.2013	**298**	**21**
First-time inclusions in year under report	15	1
First-time inclusions in year under report due to merger/accretion	6	0
Merger/accretion in year under report	-26	0
Exclusions in year under report	-27	-1
Transition consolidation	-3	3
Situation as at 31.12.2014	**263**	**24**
First-time inclusions in year under report	9	1
First-time inclusions in year under report due to merger/accretion	4	0
Merger/accretion in year under report	-6	0
Exclusions in year under report	-13	-2
Situation as at 31.12.2015	**257**	**23**

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**
F 101 Projekt GmbH & Co. KG, Cologne	100.00	9.3.2015
Magyar Bau Holding Zrt., Budapest	100.00	1.1.2015[1]
STR Epitö Kft., Budapest	100.00	1.1.2015[1]
STRABAG Facility Services GmbH (formerly Clubdorf Sachrang Betriebs GmbH), Nuremberg	100.00	1.1.2015[1]
STRABAG Industries (Thailand) Co.,Ltd., Bangkok	100.00	1.1.2015[1]
STRABAG Rail AB, Kumla	100.00	1.1.2015[1]
STRABAG SIA, Milzkalne	82.08	1.1.2015[1]
Züblin Egypt LLC, Cairo	100.00	1.5.2015
ZUBLIN PRECAST INDUSTRIES SDN. BHD., Johor	100.00	1.1.2015[1]
Merger/Accretion		
FDZ Grundstücksverwaltung GmbH & Co. Objekt Stuttgart-Möhringen KG, Mainz	100.00	1.1.2015[2]
Harald Zweig Bautenschutz G.m.b.H., Essen	100.00	1.1.2015[2]
MIEJSKIE PRZEDSIEBIORSTWO ROBOT DROGOWYCH Sp. z o.o., Bialystok	100.00	1.1.2015[2]
MINERAL ROM SRL, Brasov	100.00	1.1.2015[2]
at-equity		
SeniVita Social Estate AG, Bayreuth	46.00	1.4.2015

1) Due to its increased business volume, the company was included in the scope of consolidation of the group for the first time effective 1 January 2015. The foundation/acquisition of the company occurred before 1 January 2015.

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

In response to the German Federal Cartel Office's inquiry into the market for rolled asphalt initiated in 2010, measures have been taken to break up corporate interlocks among rolled asphalt producers in the sector. In the 2015 financial year, STRABAG acquired four production sites for a total purchase price of € 9.8 million. Moreover the activities of German SME Dietz & Strobel Straßenbau GmbH, based in Bretzfeld near Heilbronn, were acquired as part of an asset deal in March 2015. The purchase price is preliminarily allocated to assets and liabilities as follows:

T€	Asset deals
Acquired assets and liabilities	
Goodwill	4,464
Other non-current assets	5,839
Current assets	1,568
Non-current liabilities	0
Current liabilities	775
Purchase price	**11,096**
Acquired cash and cash equivalents	0
Net cash outflow from acquisitions	**11,096**

The consolidation of companies included for the first time took place at the date of acquisition or a near reporting date, provided that this had no significant difference to an inclusion at the date of acquisition.

In the 2015 financial year, negative goodwill in the amount of T€ 3,797 (2014: T€ 1,892) occurred. This amount is reported under other operating income.

All companies which were consolidated for the first time in 2015 contributed T€ 72,261 to revenue and T€ -13,724 to net income.

DISPOSALS FROM THE SCOPE OF CONSOLIDATION

As at 31 December 2015, the following companies were no longer included in the scope of consolidation:

Disposals from scope of consolidation	
"Filmforum am Bahnhof" Errichtungs- und Betriebsgesellschaft m.b.H., Vienna	Sale
Eichholz Eivel GmbH, Berlin	Fell below significant level
Jewel Development Grundstück GmbH & Co. KG, Cologne	Sale
JUKA Justizzentrum Kurfürstenanlage GmbH, Cologne	Fell below significant level
Kurfürstenanlage GmbH & Co. KG, Pullach i. Isartal	Sale
Ludwig Voss GmbH, Cuxhaven	Suspension of activities
MAYVILLE INVESTMENTS Sp. z o.o., Warsaw	Suspension of activities
Möbius Construction Ukraine Ltd, Odessa	Suspension of activities
Offshore Wind Logistik GmbH, Stuttgart	Suspension of activities
Raststation A 6 GmbH, Vienna	Suspension of activities
STRABAG Offshore Wind GmbH, Stuttgart	Suspension of activities
TyresöView1 Holding AB, Stockholm	Fell below significant level
Zucotec - Sociedade de Construcoes, Unip., Lda., Amadora	Loss of control
Merger/Accretion[1)]	
FDZ Grundstücksverwaltung GmbH & Co. Objekt Stuttgart-Möhringen KG, Mainz	Accretion
Harald Zweig Bautenschutz G.m.b.H., Essen	Merger
MIEJSKIE PRZEDSIEBIORSTWO ROBOT DROGOWYCH Sp. z o.o., Bialystok	Merger
STRABAG Property and Facility Services GmbH, Vienna	Merger
STRABAG-HIDROINZENJERING d.o.o., Split	Merger
MINERAL ROM SRL, Brasov	Merger
at-equity	
Asphalt-Mischwerke-Hohenzollern GmbH & Co. KG, Inzigkofen	Sale
Oder Havel Mischwerke GmbH & Co. KG i.L., Berlin	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 debt resulting from deconsolidation are comprised as follows:

T€	Disposals from scope of consolidation
Assets and liabilities	
Non-current assets	-27,543
Current assets	-68,210
Non-current liabilities	2,683
Current liabilities	82,485

Resulting profit in the amount of T€ 8,574 and losses in the amount of T€ -5,192 are recognised in profit or loss.

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

A significant portion of the non-controlling interests in the group affects the inclusion of the Ed. Züblin AG subgroup[1]. The table shows the financial information after intercompany eliminations[2].

T€	ZÜBLIN	
	2015	**2014**
Non-controlling interests (%)	42.74	42.74
Registered place of the parent company	Stuttgart	Stuttgart
Headquarters	Germany	Germany
Non-current assets	364,482	345,837
Current assets	1,460,929	1,424,551
Non-current liabilities	-196,076	-227,555
Current liabilities	-1,130,706	-1,081,377
Net assets	**498,629**	**461,456**
Net assets attributable to non-controlling interests	213,731	198,347
Net assets attributable to STRABAG Group	284,898	263,109
Revenue	3,256,613	3,260,968
Net income	33,213	34,942
Other income	8,204	-16,382
Total comprehensive income	**41,417**	**18,560**
Net income attributable to non-controlling interests	14,151	14,396
Net income attributable to STRABAG Group	19,062	20,546
Other income attributable to non-controlling interests	3,551	-6,843
Other income attributable to STRABAG Group	4,653	-9,539
Cash and cash equivalents	801,819	783,888
Cash flow from operating activities	63,580	128,086
Cash flow from investing activities	-79,898	-94,980
Cash flow from financing activities	32,892	56,190
Dividends paid to non-controlling interests	-701	-350
Net increase (net decrease) in cash and cash equivalents	**16,574**	**89,296**
Carrying amount of the non-controlling interests	213,731	198,347

At the same time, the group still holds direct non-controlling interests in the amount of 6.37 % in STRABAG AG, Cologne, as well as indirect non-controlling interests of 2.28 % in Bau Holding Beteiligungs AG, Spittal an der Drau. The carrying amount of these non-controlling interests amounts to T€ 51,024 (2014: T€ 45,842).

1) No special protective regulations exist beyond the regulatory protective rights of non-controlling interests.

2) The subgroup Ed. Züblin AG without intercompany eliminations is online at www.zueblin.de

ACQUISITION OF NON-CONTROLLING INTERESTS

Besides the above-mentioned investments, the ownership interests in subsidiaries in the financial year changed only insignificantly or had insignificant impact. The changes are represented in the list of subsidiaries, equity-accounted investments and participation companies which is included in the annual financial statements. The impact is shown in the statement of changes in equity under transactions concerning non-controlling interests.

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 AKA Alföld Koncesszios Autopalya Zrt., Budapest, whose functional currency is the euro.

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.

The most important currencies, including their average exchange rates on the reporting date, are listed under item 26. Currency translation differences of T€ 5,684 (2014: T€ -31,219) are recognised directly in equity in the financial year. Forward exchange operations (hedging) excluding deferred taxes in the amount of T€ 162 (2014: T€ -657) were recognised directly in equity.

Restatements in accordance with IAS 29 (Financial Reporting in Hyperinflationary Economies) were not necessary.

Consolidated companies and equity-accounted investments

The following list shows the consolidated companies included in the consolidated financial statements:

Austria		**Nominal capital T€/TATS**	**Direct stake %**
"A-WAY Infrastrukturprojektentwicklungs- und -betriebs GmbH", Spittal an der Drau		35	100.00
"DOMIZIL" Bauträger GmbH, Vienna		727	100.00
"SBS Strabag Bau Holding Service GmbH", Spittal an der Drau		35	100.00
"Viennaer Heim" Wohnbaugesellschaft m.b.H., Vienna		741	100.00
ABR Abfall Behandlung und Recycling GmbH, Schwadorf		37	100.00
Asphalt & Beton GmbH, Spittal an der Drau		36	100.00
AUSTRIA ASPHALT GmbH & Co OG, Spittal an der Drau	TATS	500	100.00
Bau Holding Beteiligungs AG, Spittal an der Drau		48,000	100.00
Bitumen Handelsgesellschaft m.b.H. & Co KG, Loosdorf	TATS	3,000	100.00
BITUNOVA Baustofftechnik Gesellschaft m.b.H., Spittal an der Drau	TATS	2,000	100.00
BLUMENFELD Liegenschaftsverwaltungs GmbH, Vienna	TATS	1,000	100.00
BMTI-Baumaschinentechnik International GmbH, Trumau		1,454	100.00
Böhm Stadtbaumeister & Gebäudetechnik GmbH, Vienna		36	100.00
BrennerRast GmbH, Vienna		35	100.00
BRVZ Bau- Rechen- u. Verwaltungszentrum Gesellschaft m.b.H., Spittal an der Drau		37	100.00
Bug-AluTechnic GmbH, Vienna		5,000	100.00

Austria		Nominal capital T€/TATS	Direct stake %
Campus Eggenberg Immobilienprojekt GmbH, Graz		36	60.00
Center Communication Systems GmbH, Vienna		727	100.00
Diabaswerk Saalfelden Gesellschaft m.b.H., Saalfelden		363	100.00
Eckstein Holding GmbH, Spittal an der Drau		73	100.00
EFKON AG, Raaba		28,350	98.14
F. Lang u. K. Menhofer Baugesellschaft m.b.H. & Co. KG, Wiener Neustadt		1,192	100.00
Goldeck Bergbahnen GmbH, Spittal an der Drau		363	100.00
Ilbau Liegenschaftsverwaltung GmbH, Spittal an der Drau		4,500	100.00
InfoSys Informationssysteme GmbH, Spittal an der Drau		363	94.90
Innsbrucker Nordkettenbahnen Betriebs GmbH, Innsbruck		35	51.00
KAB Straßensanierung GmbH & Co KG, Spittal an der Drau		133	50.60
Kanzel Steinbruch Dennig Gesellschaft mit beschränkter Haftung, Gratkorn	TATS	500	75.00
M5 Beteiligungs GmbH, Vienna		70	100.00
M5 Holding GmbH, Vienna		35	100.00
Mineral Abbau GmbH, Spittal an der Drau		36	100.00
Mischek Systembau GmbH, Vienna		1,000	100.00
Mobil Baustoffe GmbH, Reichenfels		50	100.00
OAT - Bohr- und Fugentechnik Gesellschaft m.b.H., Spittal an der Drau	TATS	1,000	51.00
Osttiroler Asphalt Hoch- und Tiefbauunternehmung GmbH, Lavant i. Osttirol		36	80.00
Raststation A 3 GmbH, Vienna		35	100.00
RBS Rohrbau-Schweißtechnik Gesellschaft m.b.H., Linz		291	100.00
SF Bau vier GmbH, Vienna		35	100.00
STRABAG AG, Spittal an der Drau		12,000	100.00
STRABAG Anlagentechnik GmbH, Thalgau		1,000	100.00
STRABAG Bau GmbH, Vienna		1,800	100.00
STRABAG Energy Technologies GmbH, Vienna		50	100.00
STRABAG Holding GmbH, Vienna		35	100.00
Strabag Liegenschaftsverwaltung GmbH, Linz		4,500	100.00
STRABAG Property and Facility Services GmbH, Vienna		1,500	100.00
STRABAG SE, Villach		114,000	100.00
TPA Gesellschaft für Qualitätssicherung und Innovation GmbH, Vienna		37	100.00
VIOLA PARK Immobilienprojekt GmbH, Vienna		45	75.00
Züblin Holding GesmbH, Vienna		55	100.00
Züblin Spezialtiefbau Ges.m.b.H., Vienna		1,500	100.00

Germany		Nominal capital T€/TDEM	Direct stake %
Alpines Hartschotterwerk GmbH, Leinfelden-Echterdingen		25	100.00
Atlas Tower GmbH & Co. KG, Cologne		106	94.90
Baumann & Burmeister GmbH, Halle/Saale		51	100.00
BBS Baustoffbetriebe Sachsen GmbH, Hartmannsdorf	TDEM	30,000	100.00
BHG Bitumenhandelsgesellschaft mbH, Hamburg		26	100.00
BITUNOVA GmbH, Dusseldorf		256	100.00
Blees-Kölling-Bau GmbH, Cologne	TDEM	2,500	100.00
BMTI - Baumaschinentechnik International GmbH & Co. KG, Cologne		307	100.00
BRVZ Bau- Rechen- und Verwaltungszentrum GmbH & Co. KG, Cologne		30	100.00
Büro Campus Deutz Torhaus GmbH, Cologne		101	100.00
CLS Construction Legal Services GmbH, Cologne		25	100.00
Deutsche Asphalt GmbH, Cologne		28	100.00
DIW Aircraft Services GmbH, Stuttgart		25	100.00
DIW Instandhaltung GmbH, Stuttgart		25	100.00
DIW Mechanical Engineering GmbH, Stuttgart		25	100.00
DIW System Dienstleistungen GmbH, Munich		25	100.00
DYWIDAG Bau GmbH, Munich		32	100.00
DYWIDAG International GmbH, Munich		5,000	100.00
DYWIDAG-Holding GmbH, Cologne		500	100.00
E S B Kirchhoff GmbH, Leinfelden-Echterdingen		1,500	100.00
Eberhard Pöhner Unternehmen für Hoch- und Tiefbau GmbH, Bayreuth		30	100.00
ECS European Construction Services GmbH, Mörfelden-Walldorf		225	100.00
Ed. Züblin AG, Stuttgart		20,452	57.26
F 101 Projekt GmbH & Co. KG, Cologne		10	100.00

Germany		Nominal capital T€/TDEM	Direct stake %
F. Kirchhoff GmbH, Leinfelden-Echterdingen		23,319	100.00
F.K. SYSTEMBAU GmbH, Münsingen		2,000	100.00
Fahrleitungsbau GmbH, Essen		1,550	100.00
Forum Mittelrhein Koblenz Generalübernehmergesellschaft mbH & Co.KG, Oststeinbek		25	51.00
Forum Mittelrhein Koblenz Kultur GmbH & Co. KG, Hamburg		25	51.00
Gaul GmbH, Sprendlingen		25	100.00
GBS Gesellschaft für Bau und Sanierung mbH, Leuna		513	100.00
Griproad Spezialbeläge und Baugesellschaft mbH, Cologne	TDEM	400	100.00
Heimfeld Terrassen GmbH, Cologne		25	100.00
Ilbau GmbH Deutschland, Berlin		4,700	100.00
Ilbau Liegenschaftsverwaltung GmbH, Hoppegarten	TDEM	15,000	100.00
IQ Generalübernehmer GmbH & Co. KG, Oststeinbek		25	75.00
Josef Riepl Unternehmen für Ingenieur- und Hochbau GmbH, Regensburg		900	100.00
LIMET Beteiligungs GmbH & Co. Objekt Köln KG, Cologne		10	94.00
LIMET Beteiligungs GmbH, Cologne	TDEM	50	100.00
MAV Mineralstoff - Aufbereitung und - Verwertung GmbH, Krefeld		600	50.00
MAV Mineralstoff - Aufbereitung und Verwertung Lünen GmbH, Lünen		250	100.00
MERK Timber GmbH, Aichach		1,534	100.00
Mineral Baustoff GmbH, Cologne		25	100.00
MOBIL Baustoffe GmbH, Munich		100	100.00
NE Sander Eisenbau GmbH, Sande		155	100.00
NE Sander Immobilien GmbH, Sande		155	100.00
Pyhrn Concession Holding GmbH, Cologne		38	100.00
REPASS-SANIERUNGSTECHNIK GMBH Korrosionsschutz und Betoninstandsetzung, Munderkingen	TDEM	51	100.00
Rimex Gebäudemanagement GmbH, Ulm		51	100.00
ROBA Transportbeton GmbH, Berlin		520	100.00
RVB Gesellschaft für Recycling, Verwertung und Beseitigung von Abfällen mbH, Kelheim		25	100.00
SAT Straßensanierung GmbH, Cologne		30	100.00
SF-Ausbau GmbH, Freiberg		600	100.00
Stephan Holzbau GmbH, Gaildorf		25	100.00
STRABAG AG, Cologne		104,780	93.63
STRABAG Anlagentechnik GmbH, Cologne		9,220	100.00
STRABAG Facility Management GmbH, Berlin		30	100.00
STRABAG Facility Services GmbH, Nuremberg		53	100.00
STRABAG GmbH, Bad Hersfeld		15,000	100.00
STRABAG Großprojekte GmbH, Munich		18,000	100.00
STRABAG Infrastrukturprojekt GmbH, Bad Hersfeld		1,280	100.00
STRABAG International GmbH, Cologne		2,557	100.00
STRABAG Kieserling Flooring Systems GmbH, Hamburg		1,050	100.00
STRABAG Projektentwicklung GmbH, Cologne	TDEM	20,000	100.00
STRABAG Property and Facility Services GmbH, Münster		5,000	100.00
STRABAG Rail Fahrleitungen GmbH, Berlin		600	100.00
STRABAG Rail GmbH, Lauda-Königshofen		25	100.00
STRABAG Real Estate GmbH, Cologne		30,000	100.00
STRABAG Sportstättenbau GmbH, Dortmund	TDEM	200	100.00
STRABAG Umwelttechnik GmbH, Dusseldorf		2,000	100.00
STRABAG Unterstützungskasse GmbH, Cologne		26	100.00
STRABAG Wasserbau GmbH, Hamburg		6,833	100.00
Torkret GmbH, Stuttgart		1,023	100.00
TPA GmbH, Cologne		511	100.00
Wolfer & Goebel Bau GmbH, Stuttgart		25	100.00
Xaver Bachner GmbH, Straubing	TDEM	500	100.00
Z-Bau GmbH, Magdeburg		100	100.00
ZDE Sechste Vermögensverwaltung GmbH, Cologne		25	100.00
Züblin Chimney and Refractory GmbH, Cologne		511	100.00
Züblin Gebäudetechnik GmbH, Erlangen		25	100.00
Züblin Hoch- und Brückenbau GmbH, Bad Hersfeld		2,500	100.00
Züblin International GmbH, Stuttgart		2,500	100.00

Germany		Nominal capital T€/TDEM	Direct stake %
Züblin Projektentwicklung GmbH, Stuttgart	TDEM	5,000	100.00
Züblin Spezialtiefbau GmbH, Stuttgart	TDEM	6,000	100.00
Züblin Stahlbau GmbH, Hosena		1,534	100.00
Züblin Umwelttechnik GmbH, Stuttgart		2,000	100.00
Züblin Wasserbau GmbH, Berlin	TDEM	500	100.00

Egypt	Nominal capital TEGP	Direct stake %
Züblin Egypt LLC, Cairo	400	100.00

Albania	Nominal capital TALL	Direct stake %
Trema Engineering 2 sh p.k., Tirana	545,568	51.00

Azerbaijan	Nominal capital TUSD	Direct stake %
"Strabag Azerbaijan" L.L.C., Baku	12,192	100.00

Belgium	Nominal capital T€	Direct stake %
N.V. STRABAG Belgium S.A., Antwerp	18,059	100.00
N.V. STRABAG Benelux S.A., Antwerp	6,863	100.00

Brunei	Nominal capital TBND	Direct stake %
STRABAG (B) Sdn Bhd, Bandar Seri Begawan	25	100.00

Bulgaria	Nominal capital TBGN	Direct stake %
STRABAG EAD, Sofia	13,313	100.00

Chile	Nominal capital TCLP	Direct stake %
Strabag SpA, Santiago de Chile	500,000	100.00
Züblin International GmbH Chile SpA, Santiago de Chile	7,909,484	100.00

China	Nominal capital TCNY	Direct stake %
Shanghai Changjiang-Züblin Construction&Engineering Co.Ltd., Shanghai	29,312	75.00

Denmark	Nominal capital TDKK	Direct stake %
KMG - KLIPLEV MOTORWAY GROUP A/S, Copenhagen	500	100.00
Züblin A/S, Trige	1,000	100.00

Finland	Nominal capital T€	Direct stake %
STRABAG Oy, Helsinki	3	100.00

India	Nominal capital TINR	Direct stake %
EFKON INDIA Pvt. Ltd., Mumbai	50,000	100.00

Italy	Nominal capital T€	Direct stake %
STRABAG S.p.A., Bologna	10,000	100.00

Canada	Nominal capital TCAD	Direct stake %
Strabag Inc., Toronto	3,000	100.00
Züblin Inc., Saint John/NewBrunswick	100	100.00

Croatia	Nominal capital THRK	Direct stake %
BRVZ d.o.o., Zagreb	20	100.00
CESTAR d.o.o., Slavonski Brod	1,100	74.90
MINERAL IGM d.o.o., Zapuzane	10,701	100.00
Pomgrad Inzenjering d.o.o., Split	25,534	100.00
PZC SPLIT d.d., Split	18,810	96.94
Strabag d.o.o., Zagreb	48,230	100.00
TPA odrzavanje kvaliteta i inovacija d.o.o., Zagreb	20	100.00

Latvia	Nominal capital TLVL	Direct stake %
STRABAG SIA, Milzkalne	1,000	82.08

Malaysia		Nominal capital TMYR	Direct stake %
ZUBLIN PRECAST INDUSTRIES SDN. BHD., Johor		500	100.00
Montenegro		**Nominal capital T€**	**Direct stake %**
"Crnagoraput" AD, Podgorica, Podgorica		9,779	95.32
The Netherlands		**Nominal capital T€**	**Direct stake %**
STRABAG B.V., Vlaardingen		450	100.00
Züblin Nederland B.V., Vlaardingen		500	100.00
Oman		**Nominal capital TOMR**	**Direct stake %**
STRABAG OMAN L.L.C., Muscat		1,000	100.00
Poland		**Nominal capital TPLN**	**Direct stake %**
BHG Sp. z o.o., Pruszkow		500	100.00
BITUNOVA Sp. z o.o., Warsaw		2,700	100.00
BMTI Sp. z o.o., Pruszkow		2,000	100.00
BRVZ Sp. z o.o., Pruszkow		500	100.00
Mineral Polska Sp. z o.o., Czarny Bor		19,056	100.00
SAT Sp. z o.o., Olawa		4,171	100.00
STRABAG INFRASTRUKTURA POLUDNIE Sp. z o.o., Wroclaw		16,140	100.00
STRABAG Sp. z o.o., Pruszkow		73,328	100.00
TPA Sp. z o.o., Pruszkow		600	100.00
Züblin Sp. z o.o., Poznan		7,765	100.00
Romania		**Nominal capital TRON**	**Direct stake %**
ANTREPRIZA DE REPARATII SI LUCRARI A R L CLUJ SA, Cluj-Napoca		64,974	98.59
BITUNOVA Romania SRL, Bucharest		16	100.00
BRVZ SERVICII & ADMINISTRARE SRL, Bucharest		278	100.00
CARB SRL, Brasov		10,845	100.00
STRABAG SRL, Bucharest		43,519	100.00
TPA SOCIETATE PENTRU ASIGURAREA CALITATII SI INOVATII SRL, Bucharest		0	100.00
ZUBLIN ROMANIA SRL, Bucharest		4,580	100.00
Russia		**Nominal capital TRUB**	**Direct stake %**
SAO BRVZ Ltd, Moscow		313	100.00
ZAO "Strabag", Moscow		14,926	100.00
Saudi Arabia		**Nominal capital TSAR**	**Direct stake %**
Dywidag Saudi Arabia Co. Ltd., Jubail		10,000	100.00
Sweden		**Nominal capital TSEK**	**Direct stake %**
BRVZ Sweden AB, Kumla		100	100.00
Nimab Entreprenad AB, Sjöbo		501	100.00
STRABAG AB, Stockholm		50	100.00
STRABAG Projektutveckling AB, Stockholm		1,000	100.00
STRABAG Rail AB, Kumla		500	100.00
STRABAG Sverige AB, Stockholm		15,975	100.00
Züblin Scandinavia AB, Stockholm		100	100.00
Switzerland		**Nominal capital TCHF**	**Direct stake %**
BMTI GmbH, Erstfeld		20	100.00
BRVZ Bau-, Rechen- und Verwaltungszentrum AG, Erstfeld		100	100.00
STRABAG AG, Schlieren		8,000	100.00
Serbia		**Nominal capital TRSD/T€**	**Direct stake %**
"PUTEVI" A.D. CACAK, Cacak		122,638	85.02
PZP Zajecar d.o.o. Zajecar, Zajecar		484,008	100.00
STRABAG d.o.o. Beograd, Novi Beograd		822,740	100.00
TPA za obezbedenje kvaliteta i inovacije d.o.o. Beograd, Novi Beograd		32,550	100.00
Vojvodinaput-Pancevo a.d. Pancevo, Pancevo	T€	4,196	82.07

Slovakia	Nominal capital T€	Direct stake %
BITUNOVA spol. s r.o., Zvolen	1,195	100.00
BRVZ s.r.o., Bratislava	33	100.00
ERRICHTUNGSGESELLSCHAFT STRABAG SLOVENSKO s.r.o., Bratislava-Ruzinov	7	100.00
KSR - Kamenolomy SR, s.r.o., Zvolen	25	100.00
STRABAG Pozemne a inzinierske stavitel'stvo s. r. o., Bratislava	133	100.00
STRABAG s.r.o., Bratislava	66	100.00
TPA Spolocnost pre zabezpecenie kvality a inovacie s.r.o., Bratislava	7	100.00
Viedenska brana s.r.o., Bratislava	25	100.00

Slovenia	Nominal capital T€	Direct stake %
BRVZ center za racunovodstvo in upravljanje d.o.o., Ljubljana	9	100.00
DRP, d.o.o., Ljubljana	9	100.00
STRABAG gradbene storitve d.o.o., Ljubljana	500	100.00

South Africa	Nominal capital T€	Direct stake %
EFKON SOUTH AFRICA (PTY) LTD, Pretoria	166	100.00

Thailand	Nominal capital THB	Direct stake %
STRABAG Industries (Thailand) Co.,Ltd., Bangkok	180,000	100.00

Czech Republic	Nominal capital TCZK	Direct stake %
BHG CZ s.r.o., Budweis	200	100.00
BITUNOVA spol. s r.o., Jihlava	2,000	100.00
BMTI CR s.r.o., Brno	100	100.00
BOHEMIA ASFALT, s.r.o., Sobeslav	10,000	100.00
BRVZ s.r.o., Prague	1,000	100.00
Dalnicni stavby Praha, a.s., Prague	136,000	100.00
FRISCHBETON s.r.o., Prague	20,600	100.00
JHP spol. s r.o., Prague	20,000	100.00
KAMENOLOMY CR s.r.o., Ostrava-Svinov	106,200	100.00
MiTTaG spol. s.r.o., Prague	100,100	100.00
Na Belidle s.r.o., Prague	100	100.00
SAT s.r.o., Prague	1,000	100.00
STRABAG a.s., Prague	1,119,600	100.00
STRABAG Property and Facility Services a.s., Prague	46,800	100.00
STRABAG Rail a.s., Usti nad Labem-Strekov	180,000	100.00
TPA CR, s.r.o., Budweis	1,000	100.00
ZÜBLIN stavebni spol. s r.o., Prague	100,000	100.00

Ukraine	Nominal capital TUAH	Direct stake %
Chustskij Karier, Zakarpatska	3,279	95.96
Zezelivskij karier TOW, Zezelev	13,130	99.36

Hungary	Nominal capital THUF	Direct stake %
AKA Zrt., Budapest	24,000,000	100.00
ASIA Center Kft., Budapest	1,830,080	100.00
Bitunova Kft., Budapest	50,000	100.00
BMTI Kft., Budapest	5,000	100.00
BRVZ Kft., Budapest	1,545,000	100.00
First-Immo Hungary Kft., Budapest	100,000	100.00
Frissbeton Kft., Budapest	100,000	100.00
KÖKA Kft., Budapest	761,680	100.00
Magyar Bau Holding Zrt., Budapest	20,000	100.00
OAT Kft., Budapest	25,000	100.00
STR Építö Kft., Budapest	352,000	100.00
STRABAG Általános Építö Kft., Budapest	3,600,000	100.00
STRABAG Property and Facility Services Zrt., Budapest	20,000	51.00
STRABAG Vasútépítö Kft., Budapest	3,000	100.00
Strabag Zrt., Budapest	1,000,000	100.00
STRABAG-MML Kft., Budapest	510,000	100.00

Hungary	Nominal capital THUF	Direct stake %
Szentesi Vasútépítö Kft, Budapest	189,120	100.00
TPA HU Kft., Budapest	113,000	100.00
Treuhandbeteiligung H[1)]	10,000	100.00
Züblin Kft., Budapest	3,000	100.00

United Arab Emirates	Nominal capital TAED	Direct stake %
STRABAG ABU DHABI LLC, Abu Dhabi	150	100.00
Züblin Construction L.L.C., Abu Dhabi	150	100.00
Züblin Ground and Civil Engineering LLC, Dubai	1,000	100.00

The following list shows the equity-accounted investments included in the consolidated financial statement:

Austria	Nominal capital T€	Direct stake %
Erste Nordsee-Offshore-Holding GmbH, Pressbaum	100	49.90
Lafarge Cement CE Holding GmbH, Vienna	50	30.00
Raiffeisen evolution project development GmbH, Vienna	44	20.00
Zweite Nordsee-Offshore-Holding GmbH, Pressbaum	100	49.90

Germany		Nominal capital T€/TDEM	Direct stake %
AMB Asphaltmischwerke Bodensee GmbH & Co KG, Singen (Hohentwiel)		767	50.00
AMH Asphaltmischwerk Hauneck GmbH & Co. KG, Hauneck		500	50.00
Bayerische Asphaltmischwerke GmbH & Co.KG für Straßenbaustoffe, Hofolding		12,300	48.33
Bodensee - Moränekies Gesellschaft mit beschränkter Haftung & Co. Kommanditgesellschaft Tettnang, Tettnang	TDEM	300	33.33
Kieswerk Rheinbach GmbH & Co Kommanditgesellschaft, Rheinbach		256	50.00
Kieswerke Schray GmbH & Co. KG, Steißlingen		2,045	50.00
Natursteinwerke im Nordschwarzwald NSN GmbH & Co. KG, Mühlacker		3,100	25.00
PANSUEVIA GmbH & Co. KG, Jettingen-Scheppach		1,000	50.00
PANSUEVIA Service GmbH & Co. KG, Jettingen-Scheppach		50	50.00
PARK SERVICE HÜFNER GmbH + Co. KG, Stuttgart		3,000	48.44
SeniVita Social Estate AG, Bayreuth		10,000	46.00
Steinbruch Spittergrund GmbH, Erfurt		80	50.00
Thüringer Straßenwartungs- und Instandhaltungsgesellschaft mbH & Co. KG, Apfelstädt		2,582	50.00

Ireland	Nominal capital T€	Direct stake %
DIRECTROUTE (LIMERICK) HOLDINGS LIMITED, Fermoy	50	20.00

Croatia	Nominal capital THRK	Direct stake %
Autocesta Zagreb-Macelj d.o.o., Krapina	88,440	51.00

The Netherlands	Nominal capital T€	Direct stake %
A-Lanes A15 Holding B.V., Nieuwegein	18	24.00

Qatar	Nominal capital TRIY	Direct stake %
Strabag Qatar W.L.L., Qatar	200	49.00
Züblin International Qatar LLC, Doha	200	49.00

Hungary	Nominal capital T€	Direct stake %
MAK Mecsek Autopalya Koncesszios Zrt., Budapest	64,200	30.00

1) The presentation of interests is done using the economic approach, the interests as defined by civil law may deviate from this presentation.

Accounting policies

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

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 write-back once the reasons for the impairment no longer apply is not foreseen for goodwill.

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 in 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 cost is 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	4–8

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 ten and 35 years. Investment property is depreciated using the straight-line method.

LEASES

Finance leases

Leased assets are capitalised where STRABAG is the lessee and bears all the substantial risks and rewards associated with the asset in accordance with the criteria of IAS 17. The lease is capitalised at the lower of the fair value of the asset and the present value of the minimum lease payments. The asset is depreciated over the shorter of the lease term or the economic life of the asset. The depreciation method used is the same as for comparable acquired or internally generated assets.

Payment obligations resulting from future lease payments are recognised as a liability. In this case, the present value of the minimum lease payment is to be used. In subsequent years, lease payments are apportioned between an interest component and a repayment component so that the lease liability has a constant rate of return. The interest component is recognised in profit or loss.

Operating leases

Both expenses as well as income from operating leases are recognised in the income statement using the straight-line method over the term of the respective lease.

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.

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 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 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 on the basis of the previous use. For the net cash inflows beyond the detailed planning period, individual growth rates derived from market information are determined on the basis of 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 two parameters growth rate and cost of capital for the impairment tests:

%	**2015**	**2014**
Growth rate	0.0–0.5	0.0–0.5
Cost of capital (after taxes)	6.1–7.5	6.3–8.3
Cost of capital (before taxes)	7.3–9.4	8.3–11.5

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.

A financial asset is initially recognised at fair value including transaction costs. Transaction costs incurred on the acquisition of financial assets measured at fair value through profit or loss are recognised in the income statement immediately. 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 IAS 39, with each category having its own measurement requirements. The classification is determined at initial recognition:

- Financial assets at fair value through profit or loss

  At STRABAG, financial assets measured at fair value through profit or loss comprise financial assets held for trading. A financial asset is classified in this category if it was acquired for the purpose of selling in the short term. Derivatives also belong to this category if they are not designated as hedging instruments. Assets in this category are classified as current assets if recovery is expected within twelve months. All other assets are classified as non-current. Changes in the value of financial assets measured at fair value through profit or loss are recognised in profit or loss.

- Loans and receivables

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. They are considered current assets if they do not mature more than twelve months after the balance sheet date. If they do, they are classified as non-current assets. Loans and receivables are measured at amortised cost calculated using the effective interest method.

  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 payment to be made. The annual accumulation amount is recognised in other operating income, where it is balanced with the interest expense from related non-recourse financing.

  The hedging transactions embedded in the concession arrangements are carried at fair value and shown in the item receivables from concession arrangements.

  Trade receivables and other receivables are evaluated at their nominal value less impairment for realisable individual risks. Graduated impairment is formed according to risk groups in order to take general loan risks on customer receivables into consideration. Specific cases of default result in the derecognition of the receivables in question.

- Available-for-sale financial assets

  Available-for-sale financial assets are non-derivative financial assets which were either classified in this category or which were not classified in any of the other categories presented here. Fair value changes on available-for-sale financial assets are recognised in other income. If assets in this category are sold or if they are subject to impairment, then the cumulative changes in fair value that were previously recognised in equity are recognised in profit or loss in the income statement.

IMPAIRMENT OF FINANCIAL ASSETS

At the end of each reporting period, and whenever there are indications of impairment, the carrying amounts of financial assets that are not measured at fair value through profit or loss are tested for their recoverability (impairment test). If there is an objective indication of impairment, an impairment loss is recognised in profit or loss in other operating expense or in net income from investments. Impairment losses are reversed if objective facts arise after the balance sheet date which speak for a reversal. The value increase of financial instruments measured at amortised cost may not exceed what the amortised cost would have been if the impairment had not been recognised. For equity instruments measured at cost, an increase in subsequent financial statements is not allowed.

Within the group, impairment losses are recognised if the debtor has considerable financial difficulties; if there is a high probability that insolvency proceedings will be commenced against him; if the issuer's technological, economic, legal and market environment changes substantially; or if the fair value of a financial instrument continually falls below the amortised cost.

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.

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 initially recognised at cost at the date the contract is entered into. In subsequent periods, derivative financial instruments are carried at fair value. Unrealised gains or losses on the measurement are recognised in the income statement if the conditions for hedge accounting directly in equity under IAS 39 are not met. Derivative financial instruments are stated under other financial assets or other financial liabilities.

Derivative financial instruments are measured on the basis of observable market data (interest and exchange rates) and non-observable market data (the competition's credit rating) or stock market prices, if available. If it is not possible to use stock market prices, 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 either as:

- hedge of the exposure to changes in the fair value of a recognised asset or liability (fair value hedge), or as

- hedge of the exposure to variability in cash flows (cash flow hedge).

In accounting for fair value hedges, both the derivative hedging instrument and the hedged item attributable to hedged risk are accounted for at fair value through profit or loss.

If, however, a derivative financial instrument is used as a hedging instrument in a cash flow hedge, the 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.

On concluding a transaction, the group documents the hedging relationship between the hedging instrument and the hedged item, the aim of its risk management as well as the underlying strategy for hedging transactions. An assessment is made at the beginning of a hedging relationship, with documentation provided continually thereafter, of whether the derivatives used in the hedge are effective or not in compensating the changes in fair value or cash flow of the hedged item.

The critical term match method is used to determine the prospective hedge effectiveness. The retrospective effectiveness is determined using the dollar offset method.

CURRENT AND DEFERRED INCOME TAXES

The income tax payables and receivables contain mainly rights and obligations with regard to 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 on the basis of the tax regulations in the respective countries.

Deferred taxes are measured using the balance sheet liability method for all 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, associates and participation companies, 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.

CONSTRUCTION CONTRACTS

The results from construction contracts are realised using the percentage of completion method under IAS 11. Determination of the stage of completion is made on the basis of the actual output volume attained by the balance sheet date.

If the results from a contract can be reliably determined and the contract is likely to be profitable, then the contract revenue is recognised in proportion to the stage of completion over the duration of the contract. If the total contract cost is likely to exceed the total contract revenue, then the expected loss is recognised immediately in full as an expense. Presentation is made as an impairment loss on receivables relating to construction contracts or as a provision if the impending loss that is expected exceeds the receivables from construction contracts from the specific project.

If, due to uncertainties in the construction schedule, the future results cannot be reliably determined, the construction contract is recognised at contract cost.

If the costs incurred plus recognised profits exceed the payments received for it, then this is shown on the assets side under receivables from construction contracts. Vice versa, this is reported on the liabilities side under liabilities from construction contracts.

The results, in the case of construction contracts which are carried out in consortia, are realised according to the percentage of completion method in accordance with the degree of completion as at the balance sheet date. Impending losses arising from further construction work are accounted for by means of appropriate depreciation.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all liquid assets which at the date of acquisition or investment have a remaining term of less than three months. 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 benefit 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.

The provisions for severance payments are determined using actuarial principles in accordance with the projected unit credit method. Here the future claim over the length of employment of the employees is collected while taking any future pay rises into consideration. The present value of the already earned partial claims on the reporting date is recognised as the provision.

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 over the past few years 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 a 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 expense, 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 21.

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 reported under other liabilities are carried at the repayment amount. The overpaid amounts from construction contracts are qualified as non-financial liabilities.

FINANCIAL LIABILITIES

Financial liabilities comprise original liabilities and the negative fair values of derivative financial instruments.

Original liabilities are recognised in the consolidated balance sheet if STRABAG has a contractual obligation to transfer cash or other financial assets to another party. Original liabilities are initially recognised at fair value. Any premiums, discounts or other differences between the cash inflow and the repayment amount are distributed over the financing term using the effective interest rate method and stated on an accruals basis in interest expense.

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 rate method.

CONTINGENT LIABILITIES

Contingent liabilities are present or possible future obligations which are not reflected in the balance sheet as liabilities because 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. The amount of the contingent liabilities reported corresponds to the amount of existing guarantees outstanding as at the balance sheet date.

REVENUE RECOGNITION

Revenue comprises the fair value of the considerations received or receivable for the sale of goods and services in the ordinary course of business.

Revenues from the construction contracts are realised according to the percentage of completion method. The output volume actually attained at the balance sheet date serves as a benchmark for the degree of completion.

Revenues from the sale of proprietary projects, from trade to and services for consortia, from property and facility services, from other services and from the sale of construction materials are realised with the transfer of power to dispose and the related opportunities and risks and/or with the rendering of the services.

Supplementary claims in relation with construction contracts involve services which, based on the existing contractual agreements, cannot be invoiced until their invoicing potential or recognition is agreed with the client. While the costs are recognised in profit or loss immediately when they arise, revenue from supplementary claims is recognised generally after receipt of written recognition from the client or, in the event that payment is received before the written recognition, with the payment itself.

Revenue that is to be seen as purely transitory due to consortial structures, as well as its corresponding expense, is not recognised.

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.

Dividends and the share of profits from investments are recognised if a legal right to payment exists.

Interest income is recognised as it accrues using the effective interest rate method.

ESTIMATES

Estimates and assumptions which refer to the amount and recognition of the assets and liabilities accounted, the income and expenditure as well as the statement of contingent liabilities are necessary for the preparation of the consolidated financial statements according to IFRS.

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 on page 147 (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 financial statements as well as on realistic assumptions about 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€ -3,593 while an isolated increase of the cost of capital by one percentage point would lead to an impairment of T€ -8,536. These two effects together would trigger an impairment loss of T€ -11,715.

(B) RECOGNITION OF REVENUE FROM CONSTRUCTION CONTRACTS

Revenue from construction contracts is recognised using the percentage of completion method. The group estimates the actual output concluded by the balance sheet date as a percentage of the total volume of the order as well as the remaining contract cost to be incurred. If the contract cost exceeds the total contract revenue, then the expected loss is recognised as an expense. Technically complex and demanding projects, in particular, involve the risk that the estimate of the total cost deviates considerably from the actual cost incurred.

(C) WIND FARM PROJECTS

In 2011 and 2012, the group acquired an interest in companies developing offshore wind farms in the North Sea. The investments involve eleven fields for which approval to build offshore wind farms is being acquired. In none of these fields has the installation of wind turbines begun yet. The companies are recorded in the consolidated financial statements using the equity method. The carrying amount of these equity-accounted investments plus granted loans at the end of the reporting period amounted to T€ 45,963 (2014: T€ 61,312). Should the underlying political conditions in Germany hinder or impede realisation in the future, the value could decline considerably or even fall to zero.

(D) INVESTMENTS IN LAFARGE CEMENT CE HOLDING GMBH

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 to T€ 247,622 on 31 December 2015. 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, while an isolated increase of the cost of capital by one percentage point would lead to an impairment of T€ -4,234. These two effects together would trigger an impairment loss of T€ -16,277.

(E) 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.

(F) 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 available-for-sale financial assets that are not traded in an active market.

(G) SEVERANCE AND PENSION PROVISIONS

The present value of the 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 pension obligations are based in part on market conditions. Further information and sensitivity analyses can be found in item 21.

(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. The same applies to provisions in connection with litigations.

Notes on the items of the consolidated income statement

(1) REVENUE

The revenue of T€ 13,123,476 (2014: T€ 12,475,673) is attributed in particular to revenue from construction contracts, revenue from own projects, trade to and services for consortia, as well as other services. Revenue from construction contracts including the realised part of profits according to the level of completion of the respective contract (percentage of completion method) amounts to T€ 11,144,325 (2014: T€ 10,555,437), the revenues from property and facility management services amount to T€ 1,036,525 (2014: T€ 924,081).

Revenues according to business fields and regions are represented individually in the segment reporting.

Revenue provides only an incomplete picture of the output volume achieved in the financial year. Additionally, therefore, the total output volume of the group is represented, which includes the proportional output of consortia and participation companies:

T€	2015	2014
Germany	**6,256,111**	**6,080,287**
Austria	**2,002,984**	**2,057,593**
Poland	**940,760**	**816,824**
Czech Republic	**764,599**	**619,577**
Hungary	**594,262**	**544,281**
Slovakia	716,335	427,127
Romania	241,228	181,339
Russia and Neighbouring Countries	230,387	302,068
other CEE countries	247,888	299,689
Rest of CEE	**1,435,838**	**1,210,223**
Switzerland	342,713	358,653
Benelux	301,671	324,069
Sweden	239,704	270,821
other European countries	574,536	512,365
Rest of Europe	**1,458,624**	**1,465,908**
Middle East	314,484	271,633
The Americas	309,931	254,761
Africa	120,371	157,999
Asia	91,800	86,909
Rest of World	**836,586**	**771,302**
Total output volume	**14,289,764**	**13,565,995**

(2) OTHER OPERATING INCOME

Other operating income includes revenue from letting and leasing in the amount of T€ 18,547 (2014: T€ 20,761), insurance compensation and indemnification in the amount of T€ 34,893 (2014: T€ 32,230), and exchange rate gains from currency fluctuations in the amount of T€ 15,688 (2014: T€ 32,113) as well as gains from the disposal of fixed assets without financial assets in the amount of T€ 44,285 (2014: T€ 40,200).

Interest income from concession arrangements which is included in other operating income is represented as follows (see also notes on item 17):

T€	2015	2014
Interest income	64,194	66,183
Interest expense	-29,134	-31,401
Net interest income	**35,060**	**34,782**

(3) CONSTRUCTION MATERIALS, CONSUMABLES AND SERVICES USED

T€	2015	2014
Construction materials, consumables	3,076,296	3,120,637
Services used	5,542,732	5,042,617
Construction materials, consumables and services used	**8,619,028**	**8,163,254**

Services used are mainly attributed to services of subcontractors and professional craftsmen as well as planning services, machine rentals and third-party repairs.

(4) EMPLOYEE BENEFITS EXPENSE

T€	2015	2014
Wages	1,066,781	1,003,897
Salaries	1,513,198	1,468,441
Social security and related costs	528,394	531,066
Expenses for severance payments and contributions to employee provident fund	19,478	21,046
Expenses for pensions and similar obligations	1,524	4,421
Other social expenditure	28,877	28,803
Employee benefits expense	**3,158,252**	**3,057,674**

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 proportion 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€ 9,184 (2014: T€ 9,127).

The **average number of employees** with the proportional inclusion of all participation companies is as follows:

Average number of employees	2015	2014
White-collar workers	28,552	27,887
Blue-collar workers	44,763	45,019
Total	**73,315**	**72,906**

(5) OTHER OPERATING EXPENSES

Other operating expenses of T€ 826,900 (2014: T€ 791,363) 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 and losses on the disposal of assets (excluding financial assets). Other taxes amounting to T€ 43,603 (2014: T€ 45,202) are included.

Other operating expenses include losses from exchange rate differences from currency fluctuations in the amount of T€ 16,318 (2014: T€ 31,689).

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€	2015	2014
Income from equity-accounted investments	20,706	12,282
Expenses arising from equity-accounted investments	-26,591	-32,509
Profit from construction consortia	135,274	185,432
Losses from construction consortia	-67,500	-124,930
Share of profit or loss of equity-accounted investments	**61,889**	**40,275**

(7) NET INCOME FROM INVESTMENTS

T€	2015	2014
Investment income	69,234	34,561
Expenses arising from investments	-12,319	-13,688
Gains on the disposal and write-up of investments	7,654	8,764
Impairment of investments	-29,747	-12,762
Losses on the disposal of investments	-939	-144
Net income from investments	**33,883**	**16,731**

(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€ 57,412 (2014: T€ 21,135) were made. Impairment on goodwill amounts to T€ 24,750 (2014: T€ 28,832). For goodwill impairments we refer to the details under item 12.

(9) NET INTEREST INCOME

T€	2015	2014
Interests and similar income	82,071	82,169
Interests and similar charges	-106,490	-108,366
Net interest income	**-24,419**	**-26,197**

Included in interests and similar charges are interest components from the allocation of severance payment and pension provisions amounting to T€ 13,510 (2014: T€ 21,377), security impairment losses of T€ 981 (2014: T€ 2,108) as well as currency losses of T€ 22,294 (2014: T€ 21,178).

Included in interests and similar income are gains from exchange rates amounting to T€ 30,723 (2014: T€ 26,464) and interest components from the plan assets for pension provisions in the amount of T€ 2,343 (2014: T€ 4,759).

(10) INCOME TAX EXPENSE

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€	2015	2014
Current taxes	170,962	107,605
Deferred taxes	-36,834	654
Income tax expense	**134,128**	**108,259**

The following tax components are recognised directly in equity in the statement of comprehensive income:

T€	2015	2014
Change in hedging reserves	-4,215	3,733
Actuarial gains/losses	-11,357	29,534
Fair value of financial instruments under IAS 39	94	-397
Total	**-15,478**	**32,870**

The reasons for the difference between the Austrian corporate income tax rate of 25 % valid in 2015 and the actual consolidated tax rate are as follows:

T€	2015	2014
EBT	**316,624**	**255,762**
Theoretical tax expenditure 25 %	79,156	63,941
Differences to foreign tax rates	-3,936	995
Change in tax rates	0	900
Non-tax deductible expenses	9,401	6,168
Tax-free earnings	-4,853	-1,438
Tax effects of results from equity-accounted investments	-2,073	5,505
Depreciation of goodwill/capital consolidation	2,994	5,590
Additional tax payments/tax refund	9,482	8,318
Change of valuation adjustment on deferred tax assets	44,136	18,030
Others	-179	250
Recognised income tax	**134,128**	**108,259**

(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.

	2015	2014
Number of ordinary shares	114,000,000	114,000,000
Number of shares bought back	-11,400,000	-11,400,000
Number of shares outstanding as at 31.12.	102,600,000	102,600,000
Profit or loss attributable to equity holders of the parent (consolidated profit/loss) T€	156,286	127,969
Weighted number of shares outstanding during the year	102,600,000	102,600,000
Earnings per share €	**1.52**	**1.25**

Notes on the items in the consolidated balance sheet

(12) INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT

The composition of and changes in intangible assets, goodwill, and property, plant and equipment is shown in the consolidated statement of fixed assets.

No borrowing costs were capitalised for property, plant and equipment, or for intangible assets in the year under report, as significant qualifying assets were not produced or acquired after 1 January 2009.

Notes to goodwill

The goodwill at the balance sheet date is composed as follows:

T€	31.12.2015	31.12.2014
STRABAG Cologne[1)]	178,803	178,803
Czech Republic S + O	67,320	65,592
STRABAG Poland	61,633	61,499
Germany N + W	52,162	47,697
DIW Group (incl. SPFS Czech Republic, Austria)	45,713	45,689
Züblin	14,938	14,938
Construction materials	13,504	13,335
Gebr. von der Wettern Group	6,700	6,700
Sweden N + W	1,348	1,319
STRABAG Switzerland	0	15,287
Other	13,524	21,309
Goodwill	**455,645**	**472,168**

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€ 24,750 (2014: T€ 28,832). This figure is shown under depreciation and amortisation.

The impairment losses concern a Swiss construction company, organised within the South + East segment, with a loss of T€ 16,965; an Austrian construction company, also in the South + East segment, with a loss of T€ 3,315; and an Italian construction company in the International + Special Divisions segment with a loss of T€ 4,470. The impairment became necessary as a result of reorganisation and a diminished earnings forecast. The recoverable amount of these cash-generating units corresponds to their fair value less cost of disposal.

The methods of measurement are explained on page 147 (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 on page 153.

The following table presents the key assumptions used in calculating the recoverable amount for significant goodwill. 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 below.

1) Is composed of goodwill from CGU STRABAG Cologne North + West in the amount of T€ 117,698 and CGU STRABAG Cologne South + East in the amount of T€ 61,105.

There were no intangible assets with indefinite useful lives allocated to the CGUs listed below.

T€	Carrying amount 31.12.2015	Methodology 31.12.2015	Detailed planning period 31.12.2015	Growth rate 31.12.2015	Discount rate after tax 31.12.2015
STRABAG Cologne N + W	117,698	FV less cost of disposal (Level 3)	4	0	6.50
STRABAG Cologne S + O	61,105	FV less cost of disposal (Level 3)	4	0	6.55
Czech Republic S + O	67,320	FV less cost of disposal (Level 3)	4	0	7.35
STRABAG Poland	61,633	FV less cost of disposal (Level 3)	4	0	7.51
DIW Group (incl. SPFS Czech Republic, Austria)	45,713	FV less cost of disposal (Level 3)	4	0	6.50

Capitalised development costs

At the balance sheet date, development costs in the amount of T€ 3,835 (2014: T€ 6,344) were capitalised as intangible assets. In the 2015 financial year, development costs in the amount of T€ 8,288 (2014: T€ 8,093) were incurred, of which T€ 395 (2014: T€ 722) were capitalised.

Leasing

Due to existing finance leasing contracts, the following carrying amounts are included in property, plant and equipment assets as at the balance sheet date:

T€	31.12.2015	31.12.2014
Property leasing	11,349	11,797
Machinery leasing	0	343
Total	**11,349**	**12,140**

Offset against these are liabilities arising from the present value of leasing obligations amounting to T€ 10,336 (2014: T€ 11,163).

The terms of the finance leases for property are between four and 20 years, while those for machinery are between two and eight years.

The following payment obligations will arise from financial leases in subsequent financial years:

	Present values		Minimum payments	
T€	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Term up to one year	729	827	1,190	1,335
Term between one and five years	3,383	3,190	4,760	4,760
Term over five years	6,224	7,146	6,814	8,004
Total	**10,336**	**11,163**	**12,764**	**14,099**

The reconciliation of minimum lease payments with payables relating to finance leases recognised as at 31 December is as follows:

T€	31.12.2015	31.12.2014
Minimum lease payments 31.12.	**12,764**	**14,099**
Interest	-2,428	-2,936
Currency translation	0	0
Finance leases 31.12.	**10,336**	**11,163**

In addition to the finance leases, there are also operating leases for the utilisation of technical equipment and machinery. The expenses from these contracts are recognised in the income statement. The payments made for the financial year 2015 amount to T€ 98,472 (2014: T€ 92,059).

Payment obligations arising from operating lease agreements in subsequent business years are represented as follows:

T€	31.12.2015	31.12.2014
Term up to one year	84,039	74,172
Term between one and five years	148,299	138,869
Term over five years	39,798	41,537
Total	**272,136**	**254,578**

Restrictions on property, plant and equipment/purchase obligations

As at the balance sheet date there were T€ 52,710 (2014: T€ 55,707) 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€ 2,405 (2014: T€ 2,533).

(13) INVESTMENT PROPERTY

The development of investment property is shown separately in the consolidated statement of fixed assets. The fair value of investment property amounts to T€ 17,500 as at 31 December 2015 (2014: T€ 34,934). The fair value was determined using internal reports based on a discounted cash flow analysis or by employing the fair value of development land at market prices.

The rental income from investment property in the 2015 financial year amounted to T€ 6,541 (2014: T€ 6,313) and direct operating expenses totalled T€ 6,144 (2014: T€ 8,757). 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€ 443 (2014: T€ 372) and losses from asset disposals in the amount of T€ 150 (2014: T€ 2,649) were achieved. A write-back in the amount of T€ 500 was made in the financial year 2015 (2014: T€ 4,203).

The internal valuation reports are to be classified as Level 3 methods of measurements and build on data that are also based on values that cannot be observed in the market.

(14) FINANCIAL ASSETS

Detailed information on the group's investments (shares of more than 20 %) can be found in the list of subsidiaries, equity-accounted investments and participation companies which is included in the annual financial report.

The development of the financial assets in the financial year was as follows:

T€	Balance as at 1.1.2015	Currency translation	Change in scope of consoli-dation	Additions	Transfers	Disposal	Impair-ment/ Write-up	Balance as at 31.12.2015
Equity-accounted investments	**401,622**	**106**	**0**	**11,403**	**-1,754**	**-37,958**	**0**	**373,419**
Investments in subsidiaries	110,021	76	-1,544	12,730	1,496	-3,834	-25,497	93,448
Participation companies	86,077	542	0	4,669	258	-7,939	-4,250	79,357
Securities	36,546	135	0	0	0	-7,315	-266	29,100
Other financial assets	**232,644**	**753**	**-1,544**	**17,399**	**1,754**	**-19,088**	**-30,013**	**201,905**

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 28.

The following financial information concerns the consolidated financial statements prepared in accordance with IFRS.

T€	2015	2014
Revenue	187,856	193,429
Income from continuing operations	3,513	-57,514
Other income	4,175	-15,919
Total comprehensive income	**7,688**	**-73,433**
attributable to: non-controlling interests	8	-26
attributable to: equity holders of the parent company	7,681	-73,407
Non-current assets	609,599	626,248
Current assets	148,214	165,365
Non-current liabilities	-82,992	-81,199
Current liabilities	-135,676	-148,958
Net assets	**539,145**	**561,456**
attributable to: non-controlling interests	4,019	4,011
attributable to: equity holders of the parent company	535,126	557,445

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€	2015	2014
Group’s share in net assets as at 1.1.	**167,234**	**192,255**
Group’s share of net income from continuing operations	1,017	-17,292
Group’s share of other income	1,287	-4,729
Group's share of total comprehensive income	2,304	-22,021
Dividends received	-9,000	-3,000
Group's share in net assets as at 31.12.	**160,538**	**167,234**
Fair value adjustment	87,084	87,084
Equity-carrying value as at 31.12.	**247,622**	**254,318**

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€	2015	2014
Total of equity-carrying values as at 31.12.	118,517	139,370
Group’s share of net income from continuing operations	-7,415	6,447
Group's share of other income	-555	-500
Group's share of total comprehensive income	-7,970	5,947

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€	2015	2014
Total of equity-carrying values as at 31.12.	7,280	7,934
Group’s share of net income from continuing operations	513	-9,382
Group's share of other income	0	0
Group's share of total comprehensive income	513	-9,382

Notes on accumulated losses from equity-accounted investments

Proportionate losses from equity-accounted investments in the amount of T€ -13,237 (2014: T€ -11,006) were not recognised in profit or loss, as the carrying amounts of these investments already are T€ 0.

Notes on construction 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 most important joint ventures in the 2015 financial year.

Construction consortia	Stake in %
A-LANES A15 ROADS V.O.F., Netherlands (ROADS)	45.00
Arge BAB A8 Ulm-Augsburg, Germany (BAB A8)	50.00
Arge BAU BSH, Germany (BSH)	50.00
Arge HUMA Einkaufspark, Austria (HUMA)	50.00
Arge Koralmtunnel KAT 2, Austria (KAT 2)	85.00
Arge Rohtang Pass Highway Tunnel LOT 1, India (Rohtang)	60.00
Arge Tulfes Pfons, Austria (Tulf)	51.00
Arge Tunnel Albabstieg, Germany (Alb)	60.00
CS-A15 V.O.F., Netherlands (CS-A15)	50.00
JV Metro Nordhavnen Contract 2, Denmark (Metro)	60.00

The financial information on construction consortia is presented 100 % before consolidation.

T€	Revenue	Non-current assets	Current assets	Thereof cash and cash equivalents	Non-current liabilities	Current liabilities
ROADS	70,296	0	86,260	980	0	86,260
BAB A8	76,166	0	25,747	2,652	0	25,747
BSH	59,924	0	32,499	29,779	0	32,499
HUMA	43,086	0	9,420	5,321	0	9,420
KAT 2	118,154	18,413	34,879	6,928	0	53,292
Rohtang	41,098	14,886	15,390	4,396	0	30,276
Tulf	61,485	36,314	34,295	29,817	0	70,609
Alb	65,830	20,947	5,444	2,226	0	26,391
CS-A15	40,101	0	21,826	3,940	0	21,826
Metro	33,828	823	13,771	12,533	0	14,594

In the 2015 financial year, the share of profit or loss of equity-accounted investments recorded for the above-mentioned construction consortia included T€ 20,563 in profits from construction consortia and T€ -19,725 in losses from construction consortia including impending losses.

The following table shows the group's most important construction consortia for the 2014 financial year.

Construction consortia	Stake in %
A-LANES A15 CIVIL V.O.F., Netherlands (CIVIL)	33.34
A-LANES A15 ROADS V.O.F., Netherlands (ROADS)	33.34
Arge BAB A8 Ulm-Augsburg, Germany (BAB A8)	50.00
Arge BAB A9 Holledau, Germany (BAB A9)	50.00
Arge BAU BSH, Germany (BSH)	50.00
Arge Hauptbahnhof Wien – Baulos 01, Austria (HBF Wien)	36.00
Arge Koralmtunnel KAT 2, Austria (KAT 2)	85.00
Arge Rohtang Pass Highway Tunnel LOT 1, India (Rohtang)	60.00
Arge Tunnel Albabstieg, Germany (Alb)	60.00
CS-A15 V.O.F., Netherlands (CS-A15)	50.00

The financial information on these construction consortia is presented 100 % before consolidation.

T€	Revenue	Non-current assets	Current assets	Thereof cash and cash equivalents	Non-current liabilities	Current liabilities
CIVIL	160,645	0	70,645	203	0	70,645
ROADS	59,316	0	29,549	887	0	29,549
BAB A8	52,506	140	39,332	23,281	0	39,472
BAB A9	44,571	0	2,893	134	0	2,893
BSH	52,968	0	33,154	31,037	0	33,154
HBF Wien	50,102	292	50,693	2,172	0	50,985
KAT 2	123,365	26,551	18,996	3,962	0	45,547
Rohtang	22,249	15,761	13,138	538	0	28,899
Alb	39,409	23,827	45,993	31	0	69,820
CS-A15	26,631	0	38,998	5,943	0	38,998

In the 2014 financial year, the share of profit or loss of equity-accounted investments recorded for the above-mentioned construction consortia included T€ 13,003 in profits from construction consortia and T€ -64,641 in losses from construction consortia including impending losses.

The business transactions with the construction consortia in the financial year can be presented as follows:

T€	2015	2014
Work and services performed	836,529	695,008
Work and services received	74,765	58,354
Receivables as at 31.12.	408,945	399,388
Liabilities as at 31.12.	307,669	318,803

(15) 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 1.1.2015	Currency translation	Change in scope of consolidation	Other changes	Balance as at 31.12.2015
Intangible assets, property, plant and equipment	22,871	-4	-5,421	3,702	21,148
Financial assets	632	1	0	2,819	3,452
Inventories	9,741	-42	0	-4,632	5,067
Trade and other receivables	25,493	30	0	15,894	41,417
Provisions	205,214	1,093	522	-13,403	193,426
Liabilities	17,027	28	0	10,559	27,614
Tax loss carryforward	193,690	0	0	-13,389	180,301
Deferred tax assets	**474,668**	**1,106**	**-4,899**	**1,550**	**472,425**
Netting out of deferred tax assets and liabilities of the same tax authorities	-196,545	0	0	16,048	-180,497
Deferred tax assets netted out	**278,123**	**1,106**	**-4,899**	**17,598**	**291,928**
Intangible assets, property, plant and equipment	-57,268	-636	0	8,472	-49,432
Financial assets	-6,193	0	0	63	-6,130
Inventories	-12,401	-201	0	-2,403	-15,005
Trade and other receivables	-143,723	84	36	8,944	-134,659
Provisions	-2,468	43	0	-1,910	-4,335
Liabilities	-13,809	169	0	6,640	-7,000
Deferred tax liabilities	**-235,862**	**-541**	**36**	**19,806**	**-216,561**
Netting out of deferred tax assets and liabilities of the same tax authorities	196,545	0	0	-16,048	180,497
Deferred tax liabilities netted out	**-39,317**	**-541**	**36**	**3,758**	**-36,064**

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.

The Austrian Corporate Income Tax Act (Körperschaftsteuergesetz) requires a tax-effective impairment of investments to be claimed over a period of seven years. The deferred tax assets on losses carried forward contain open one-seventh impairments in the amount of T€ 18,296 (2014: T€ 18,787).

No deferred tax assets were made for differences in the carrying amount on the assets side and tax losses carried forward of T€ 1,010,036 (2014: T€ 970,825), as their effectiveness as final tax relief is not sufficiently assured.

Of the non-capitalised losses carried forward T€ 936,013 (2014: T€ 890,266) 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 deemed cost in excess of the earnings arising from the reversal of existing taxable temporary differences amounts to T€ 95,696 for the STRABAG SE tax group.

The losses of the ongoing year and of the past were strongly influenced by negative special items. To avoid such negative projects, the group expanded and improved its opportunity and risk management and implemented the organisational and strategic improvements out of the analysis results of the "STRABAG 2013ff" task force. The tax planning for STRABAG SE Group for the next five years documents the usability of the tax loss carryforwards.

(16) INVENTORIES

T€	31.12.2015	31.12.2014
Construction materials, auxiliary supplies and fuel	271,100	276,329
Finished buildings and goods	124,345	215,793
Unfinished buildings and goods	303,780	197,055
Development land	83,128	116,340
Payments made	19,348	43,883
Inventories	**801,701**	**849,400**

In the financial year, impairment in the amount of T€ 1,521 (2014: T€ 1,561) was recognised on inventories excluding construction materials, auxiliary supplies and fuel. T€ 60,491 (2014: T€ 47,596) 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€ 2,833 (2014: T€ 2,454).

(17) RECEIVABLES AND OTHER ASSETS

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 agreement 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 other operating income.

A part of the availability fee consists of interest adjustment payments of the Hungarian state. As a result, the state bears the interest risk from the financing of AKA. These interest adjustment payments represent an embedded hedging transaction which is measured separately in accordance with IAS 39.11. Presentation is made as a cash flow hedge; as a result, changes in the fair value of the interest rate swap are recognised directly in equity.

The market value of the interest rate swap in the amount of T€ -53,392 (2014: T€ -63,677) 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€ 489,530 (2014: T€ 538,608), classified either as a current or non-current liability depending on the term to maturity. The resulting interest expense is recognised in other operating income.

Receivables and other assets are comprised as follows:

T€	31.12.2015 total	31.12.2015 thereof current	31.12.2015 thereof non-current	31.12.2014 total	31.12.2014 thereof current	31.12.2014 thereof non-current
Receivables from concession arrangements	**739,077**	**28,829**	**710,248**	**755,444**	**26,654**	**728,790**
Receivables from construction contracts	5,094,145	5,094,145	0	5,258,366	5,258,366	0
Advances received	-4,209,732	-4,209,732	0	-4,341,687	-4,341,687	0
Net receivable from construction contracts	884,413	884,413	0	916,679	916,679	0
Other trade receivables and receivables from consortia	1,494,609	1,419,520	75,089	1,568,830	1,496,321	72,509
Advances paid to subcontractors	13,949	13,949	0	60,559	60,559	0
Trade receivables	**2,392,971**	**2,317,882**	**75,089**	**2,546,068**	**2,473,559**	**72,509**
Non-financial assets	**67,579**	**67,579**	**0**	**58,727**	**58,727**	**0**
Income tax receivables	**55,687**	**52,115**	**3,572**	**42,335**	**40,004**	**2,331**
Receivables from subsidiaries	127,432	116,599	10,833	181,207	172,724	8,483
Receivables from participation companies	260,703	134,476	126,227	191,030	83,654	107,376
Other financial assets	207,998	123,285	84,713	230,359	140,335	90,024
Other financial assets total	**596,133**	**374,360**	**221,773**	**602,596**	**396,713**	**205,883**

The **receivables from construction contracts** as at the balance sheet date are represented as follows:

T€	31.12.2015	31.12.2014
All contracts in progress at balance sheet date		
Costs incurred to balance sheet date	8,548,269	8,725,733
Profits arising to balance sheet date	460,508	426,807
Accumulated losses	-388,629	-397,686
Less receivables recognised under liabilities	-3,526,003	-3,496,488
Receivables from construction contracts	**5,094,145**	**5,258,366**

Receivables from construction contracts amounting to T€ 3,526,003 (2014: T€ 3,496,488) are recognised in liabilities, as advances received exceed the receivables.

As usual in the industry, the customer has the contractual right to retain part of the total amount of the invoice. As a rule these retentions are, however, redeemed by collateral (bank or group guarantees).

In the reporting period, impairment on other trade receivables developed as follows:

T€	2015	2014
Other trade receivables before impairment as at 1.1.	**1,648,280**	**1,706,195**
Impairment as at 1.1.	**137,365**	**137,337**
Currency translation	735	-2,194
Changes in scope of consolidation	-4,405	138
Allocation/utilisation	19,976	2,084
Impairment as at 31.12.	**153,671**	**137,365**
Carrying amount of other trade receivables as at 31.12.	**1,494,609**	**1,568,830**

(18) CASH AND CASH EQUIVALENTS

T€	31.12.2015	31.12.2014
Securities	3,231	3,093
Cash on hand	4,360	3,995
Bank deposits	2,724,739	1,916,931
Cash and cash equivalents	**2,732,330**	**1,924,019**

(19) ASSETS HELD FOR SALE

The assets held for sale are attributable exclusively to the hydraulic engineering activities. In December 2015, the group reached an agreement with Netherlands-based Royal Boskalis Westminster N.V., a leading service provider in the field of dredging and marine infrastructure, on the most important points of the sale of its hydraulic engineering business. As part of an asset deal for € 70 million, Hamburg-based STRABAG Wasserbau GmbH, the leader in the German dredging sector, will transfer its equipment, staff and a series of recently signed maintenance contracts to the buyer. The hydraulic engineering activities form part of the segment North + West.

In the 2015 financial year, write-offs on hydraulic engineering equipment and vessels were made in the amount of T€ 21,701.

(20) EQUITY

The fully paid in share capital amounts to € 114,000,000 and is divided into 113,999,997 no-par bearer shares and three registered shares.

As at 31 December 2015, STRABAG SE had acquired 11,400,000 bearer shares equalling 10 % of the share capital. The corresponding value of the share capital amounts to € 11,400,000. The acquisition extended between the period July 2011 and May 2013. The average purchase price per share was € 20.79.

The Management Board has been authorised, with the approval of the Supervisory Board, to increase the share capital of the company by up to € 57,000,000 by 27 June 2019, in several tranches if necessary, by issuing up to 57,000,000 registered no-par shares for cash or contributions in kind (approved capital). In the case of capital increase through contributions in kind, the partial or full exclusion of the shareholders' subscription rights is possible.

The exercise, issue price and conditions of issue shall be determined with the approval of the Supervisory Board. The Supervisory Board was authorised to determine the necessary changes to the Articles of Association required upon the issuance of shares from the approved capital.

The Management Board has also been authorised until 15 June 2017, in accordance with Section 65 Paragraph 1b of the Austrian Stock Corporation Act (AktG), to sell or assign its own shares, with approval by the Supervisory Board, in a manner other than on the stock market or through a public tender, to the exclusion of the shareholders' buyback rights (subscription rights), and to determine the conditions of sale. The authorisation can be exercised in full, or in part or in several partial amounts for one or several purposes by the company, a subsidiary (Section 228 Paragraph 3 of the Austrian Commercial Code) or third parties acting on behalf of the company.

The Management Board has been authorised, with approval from the Supervisory Board, until 15 June 2017, to issue financial instruments within the meaning of Section 174 of the Austrian Stock Corporation Act (AktG), in particular convertible bonds, income bonds and profit participation rights with a total nominal value of up to € 1,000,000,000.00 which may also confer subscription and/or exchange rights for the acquisition of up to 50,000,000 shares of the company and/or may be designed in such a way that they can be issued as equity. This can be done also in several tranches and in different combinations and indirectly by way of a guarantee for the issue of financial instruments through an associate or related entity of the company with conversion rights on shares of the company. For the servicing, the Management Board may use the conditional capital or own shares. The issue amount and issue conditions, as well as the possible exclusion of the shareholders' subscription rights for the issued financial instruments, are to be determined by the Management Board with the approval of the Supervisory Board.

Also approved was a conditional increase of the share capital of the company pursuant to Section 159 Paragraph 2 No. 1 of the Austrian Stock Corporation Act (AktG) by up to € 50,000,000.00 through the issue of up to 50,000,000 new bearer shares with no face value (no-par shares) for issue to creditors of financial instruments within the meaning of the authorisation granted to the Management Board, provided the creditors of financial instruments exercise their subscription and/or exchange rights for shares of the company. The issue amount and the exchange ratio are to be determined based on recognised financial mathematical methods and the price of the shares of the company in a recognised pricing procedure. The newly issued shares of the conditional capital increase carry a dividend entitlement corresponding to that of the shares traded on the stock market at the time of the issue. The Management Board is authorised, with the approval of the Supervisory Board, to establish the further details of the implementation of the conditional capital increase. The Supervisory Board is authorised to pass resolution on any amendments to the Articles of Association resulting from the issue of shares within the scope of the conditional capital.

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 2015 amounted to 31.0 % (2014: 30.6 %). 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.

(21) PROVISIONS

T€	Balance as at 1.1.2015	Currency translation	Changes in scope of consoli-dation	Additions	Disposals	Impairment	Balance as at 31.12.2015
Provisions for severance payments	97,660	696	0	0	0	2,225	96,131
Provisions for pensions	505,934	2,409	-1,311	0	0	55,532	451,500
Construction-related provisions	422,510	388	-273	103,634	11,192	77,741	437,326
Personnel-related provisions	48,342	-2	3	13,673	95	4,124	57,797
Other provisions	47,163	188	-870	32,581	4,769	23,668	50,625
Non-current provisions	**1,121,609**	**3,679**	**-2,451**	**149,888**	**16,056**	**163,290**	**1,093,379**
Construction-related provisions	242,766	866	118	328,479	9,118	227,706	335,405
Personnel-related provisions[1]	155,008	454	-7	149,271	10,847	143,694	150,185
Other provisions	269,587	-1,040	7,260	264,536	20,216	231,666	288,461
Current provisions	**667,361**	**280**	**7,371**	**742,286**	**40,181**	**603,066**	**774,051**
Total	**1,788,970**	**3,959**	**4,920**	**892,174**	**56,237**	**766,356**	**1,867,430**

The **actuarial assumptions as at 31 December 2015** (in brackets as at 31 December 2014) 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 2008	AVÖ 2008	Dr. Klaus Heubeck	BVG 2010
Discounting rate (%)	2.30	2.30	2.30	0.80
	(2014: 2.00)	(2014: 2.00)	(2014: 2.00)	(2014: 1.00)
Salary increase (%)	2.00	0.00	1.70	2.00
	(2014: 2.00)	(2014: 0.00)	(2014: 2.25)	(2014: 2.00)
Future pension increase (%)	dependent on contractual adaption	dependent on contractual adaption	dependent on contractual adaption	0.25
				(2014: 0.25)
Retirement age for men	62	65	63–67	65
	(2014: 62)	(2014: 65)	(2014: 63–67)	(2014: 65)
Retirement age for women	62	60	63–67	64
	(2014: 62)	(2014: 60)	(2014: 63–67)	(2014: 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:

T€	Change in discounting rate		Change in salary increase		Change in future pension increase	
Change[2]	-0.5 %-points	+0.5 %-points	-0.25 %-points	+0.25 %-points	-0.25 %-points	+0.25 %-points
Severance payments	-4,063	3,771	1,930	-1,993	n.a.	n.a.
Pension obligations	-40,210	36,139	826	-791	12,736	-11,779

1) In the other personnel-related provisions plan assets in the amount of T€ 817 (2014: T€ 3,521) are deducted.
2) Sign: - increase of obligation, + decrease of obligation

Provisions for severance payments show the following **development**:

T€	2015	2014
Present value of the defined benefit obligation as at 1.1.	**97,660**	**78,396**
Changes in scope of consolidation	0	2,301
Current service costs	1,525	4,125
Interest costs	1,581	2,270
Severance payments	-3,120	-3,886
Actuarial gains/losses arising from experience adjustments	885	2,698
Actuarial gains/losses arising from changes in the discount rate	-2,400	11,699
Actuarial gains/losses arising from demographic changes	0	57
Present value of the defined benefit obligation as at 31.12.	**96,131**	**97,660**

The **development** of the **provisions for pensions** is shown below:

T€	2015	2014
Present value of the defined benefit obligation as at 1.1.	**711,800**	**629,654**
Changes in scope of consolidation/currency translation	21,771	6,019
Current services costs	11,464	12,322
Interest costs	11,929	19,107
Pension payments	-51,381	-51,121
Actuarial gains/losses arising from experience adjustments	-5,810	-9,909
Actuarial gains/losses arising from changes in the discount rate	-34,792	105,728
Present value of the defined benefit obligation as at 31.12.	**664,981**	**711,800**

The **plan assets for pension provisions** developed as follows in the year under report:

T€	2015	2014
Fair value of the plan assets as at 1.1.	**205,866**	**207,411**
Changes to the scope of consolidation/currency translation	20,673	3,974
Income from plan assets	2,343	4,759
Contributions	11,314	11,540
Pension payments	-26,145	-25,151
Acturial gains/losses	-570	3,333
Fair value of the plan assets as at 31.12.	**213,481**	**205,866**

The **plan assets** consist of the following risk groups:

T€	31.12.2015	31.12.2014
Shares[1)]	23,631	22,097
Bonds[1)]	86,227	88,925
Cash	29,146	29,672
Investment funds	5,104	5,103
Real estate	9,192	12,213
Liability insurance	56,376	46,947
Other assets	3,805	909
Total	**213,481**	**205,866**

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 assets are to be invested to 80 % in nominal investments such as cash and receivables in a fixed monetary amount and to 20 % in real investments such as shares and real estate.

The contributions to pension foundations in the following year will amount to T€ 5,291 (2014: T€ 5,285).

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€ 1,472 (2014: T€ 7,898) in the financial year.

The following amounts for pension and severance provisions were recognised in the **income statement**:

T€	2015	2014
Current service cost	12,989	16,447
Interest cost	13,510	21,377
Return on plan assets	2,343	4,759

The **development of the net defined benefit obligation** for pension and severance provisions was as follows:

T€	31.12.2015	31.12.2014
Present value of the defined benefit obligation (severance provisions) = net defined benefit liability	96,131	97,660
Present value of the defined benefit obligation (pension provision)	664,981	711,800
Fair value of plan assets (pension provision)	-213,481	-205,866
Net defined benefit liability (pension provision)	451,500	505,934
Net defined benefit liability	**547,631**	**603,594**

The **actuarial adjustments** to pension and severance provisions are represented as follows:

T€	31.12.2015	31.12.2014
Experience adjustments of severance provisions	-1,515	14,454
Experience adjustments of pension provisions	-40,032	92,486
Adjustments	**-41,547**	**106,940**

The **maturity profile** of the benefit payments from the net defined benefit liability as at 31 December 2015 is as follows:

T€	< 1 year	1–5 years	6–10 years	11–20 years	> 20 years
Provisions for severance payments	6,756	23,016	25,090	38,025	9,655
Provisions for pensions	41,468	171,717	167,165	249,456	245,641

The **maturity profile** of the benefit payments from the net defined benefit liability as at 31 December 2014 is as follows:

T€	< 1 year	1–5 years	6–10 years	11–20 years	> 20 years
Provisions for severance payments	5,101	21,817	24,205	43,722	12,483
Provisions for pensions	40,323	182,728	171,997	268,607	277,137

The **durations** (weighted average term) are shown in the following table:

Years	2015	2014
Severance payments Austria	9.45	10.61
Pension obligations Austria	8.90	9.33
Pension obligations Germany	10.20	12.31
Pension obligations Switzerland	15.00	14.90

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, 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.

(22) LIABILITIES

		31.12.2015			31.12.2014	
T€	Total	thereof current	thereof non-current	Total	thereof current	thereof non-current
Bonds	675,000	0	675,000	575,000	100,000	475,000
Bank borrowings	894,411	285,265	609,146	1,023,759	332,371	691,388
Liabilities from finance leases	10,336	729	9,607	11,163	827	10,336
Other liabilities	0	0	0	0	0	0
Financial liabilities	**1,579,747**	**285,994**	**1,293,753**	**1,609,922**	**433,198**	**1,176,724**
Receivables from construction contracts[1]	-3,526,003	-3,526,003	0	-3,496,488	-3,496,488	0
Advances received	4,170,088	4,170,088	0	4,048,672	4,048,672	0
Net liabilities from construction contracts	644,085	644,085	0	552,184	552,184	0
Other trade payables and payables to consortia	2,350,224	2,271,854	78,370	2,234,385	2,177,570	56,815
Trade payables	**2,994,309**	**2,915,939**	**78,370**	**2,786,569**	**2,729,754**	**56,815**
Non-financial liabilities	**384,653**	**383,753**	**900**	**423,586**	**422,419**	**1,167**
Income tax liabilities	**187,611**	**187,611**	**0**	**104,030**	**104,030**	**0**
Payables to subsidiaries	120,912	120,912	0	125,906	125,906	0
Payables to participation companies	18,620	18,620	0	20,992	20,913	79
Other financial liabilities	218,887	202,107	16,780	231,945	218,952	12,993
Other financial liabilities total	**358,419**	**341,639**	**16,780**	**378,843**	**365,771**	**13,072**

In order to secure liabilities to banks amounting to T€ 127,443 (2014: T€ 196,657) real securities have been booked.

(23) CONTINGENT LIABILITIES

The company has issued the following guarantees:

T€	31.12.2015	31.12.2014
Guarantees without financial guarantees	155	155

1) The prepayment exceeding the receivables from construction contracts shown here is qualified as non-financial.

(24) 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 liability as at 31 December 2015 are performance bonds in the amount of € 2.1 billion (2014: € 2.3 billion) of which an outflow of resources is unlikely.

As is customary in the industry, STRABAG SE shares liability with the other partners of construction consortia in which companies of the STRABAG Group hold a share interest.

Other notes

(25) 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 of changes in consolidation were eliminated and represented in the cash flow from investing activities.

The **cash and cash equivalents** are composed as follows:

T€	31.12.2015	31.12.2014
Securities	3,231	3,093
Cash on hand	4,360	3,995
Bank deposits	2,724,739	1,916,931
Restricted cash abroad	-5,559	-7,046
Pledge of cash and cash equivalents	-124	-10,935
Cash and cash equivalents	**2,726,647**	**1,906,038**

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€	2015	2014
Interest paid	67,384	62,314
Interest received	49,086	50,845
Taxes paid	101,046	90,848
Dividends received	81,428	47,525

(26) 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, liabilities arising from financial leases and trade payables. Initial recognition is carried out in principle using settlement date accounting.

The financial assets are derecognised when the claims to payment from the investment extinguish or have been transferred and the group has largely transferred all risks and opportunities which are related with the property.

The **financial instruments** as at the balance sheet date were as follows:

T€	Measurement category according to IAS 39	31.12.2015 Carrying value	31.12.2015 Fair value	31.12.2014 Carrying value	31.12.2014 Fair value
Assets					
Investments in subsidiaries	AfS[1]	93,448		110,021	
Participation companies	AfS[1]	79,357		86,077	
Trade receivables	L&R	2,392,971		2,546,068	
Receivables from concession arrangements	L&R	792,469		819,121	
Other financial assets	L&R	594,930		602,344	
Cash and cash equivalents	L&R	2,729,099		1,920,926	
Valuation at historical costs		**6,682,274**		**6,084,557**	
Securities	AfS	29,100	29,100	36,546	36,546
Cash and cash equivalents (securities)	AfS	3,231	3,231	3,093	3,093
Derivatives held for hedging purposes		-52,189	-52,189	-63,425	-63,425
Valuation at fair value		**-19,858**	**-19,858**	**-23,786**	**-23,786**
Liabilities					
Financial liabilities	FLaC	-1,579,747	-1,619,725	-1,609,922	-1,663,428
Trade payables	FLaC	-2,350,224		-2,234,385	
Other financial liabilities	FLaC	-355,993		-365,863	
Valuation at historical costs		**-4,285,964**	**-1,619,725**	**-4,210,170**	**-1,663,428**
Derivatives held for hedging purposes		-2,426	-2,426	-12,980	-12,980
Valuation at fair value		**-2,426**	**-2,426**	**-12,980**	**-12,980**
Total		**2,374,026**	**-1,642,009**	**1,837,621**	**-1,700,194**
Measurement categories					
Loans and receivables (L&R)		6,509,469		5,888,459	
Available for sale (AfS)		205,136	32,331	235,737	39,639
Financial liabilities measured at amortised costs (FLaC)		-4,285,964	-1,619,725	-4,210,170	-1,663,428
Derivatives held for hedging purposes		-54,615	-54,615	-76,405	-76,405
Total		**2,374,026**	**-1,642,009**	**1,837,621**	**-1,700,194**

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 values 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 liabilities arising from financial leases 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€ 712,661 (2014: T€ 621,828) and as a Level 2 measurement at T€ 907,064 (2014: T€ 1,041,600).

T€ 124 (2014: T€ 10,935) of cash and cash equivalents, T€ 2,694 (2014: T€ 2,750) of securities and T€ 1,620 (2014: T€ 10,696) of other financial instruments were pledged as collateral for liabilities.

The non-recourse liabilities related to receivables from concession arrangements are hedged using the income from receivables from concession arrangements.

The financial instruments recognised at fair value, classified by method of measurement (Level 1 to Level 3), are as follows.

1) Measurement is at cost as these are unlisted equity instruments whose fair value cannot be reliably determined.

Level 1: In measurement at market prices, the assets and liabilities are measured at the quoted prices in an active market for identical assets and liabilities.

Level 2: The measurement based on observable market inputs takes into account not only market prices but also directly or indirectly observable data.

Level 3: Other methods of measurement also consider data that are not observable on the markets.

The **fair values as at 31 December 2015** for financial instruments were measured as follows:

T€	Level 1	Level 2	Total
Assets			
Securities	29,100		29,100
Cash and cash equivalents (securities)	3,231		3,231
Derivatives held for hedging purposes		-52,189	-52,189
Total	**32,331**	**-52,189**	**-19,858**
Liabilities			
Derivatives held for hedging purposes		-2,426	-2,426
Total		**-2,426**	**-2,426**

The **fair values as at 31 December 2014** for financial instruments were measured as follows:

T€	Level 1	Level 2	Total
Assets			
Securities	36,546		36,546
Cash and cash equivalents (securities)	3,093		3,093
Derivatives held for hedging purposes		-63,425	-63,425
Total	**39,639**	**-63,425**	**-23,786**
Liabilities			
Derivatives held for hedging purposes		-12,980	-12,980
Total		**-12,980**	**-12,980**

During the financial years 2015 and 2014, 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 participant. The quoted market price for the financial instruments presented in Level 1 corresponds to the bid price on 31 December 2015.

Financial instruments in Level 2

These financial instruments are not traded in an active market. They involve exclusively derivatives concluded for hedging purposes in the group. 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.

At the end of the reporting period, the STRABAG Group had no financial instruments classified in Level 3.

As at **31 December 2015**, the following **derivatives** existed which are not offsettable but which can be set off in case of insolvency.

T€	31.12.2015			31.12.2014		
Bank	Assets	Liabilities	Total	Assets	Liabilities	Total
Bayerische Landesbank	0	-239	**-239**	0	-1,100	**-1,100**
Commerzbank AG	97	-127	**-30**	0	-5,039	**-5,039**
Crédit Agricole Corp. & Investment	563	-163	**400**	147	-1,091	**-944**
Deutsche Bank AG	0	0	**0**	0	-63	**-63**
Erste Group Bank AG	0	0	**0**	45	0	**45**
ING Bank N.V.	162	0	**162**	3	-846	**-843**
Landesbank Baden-Württemberg	381	-49	**332**	0	-2,659	**-2,659**
Republic of Hungary	-53,392	0	**-53,392**	-63,677	0	**-63,677**
SEB AG	0	-1,574	**-1,574**	57	-2,182	**-2,125**
UniCredit Bank Austria AG	0	-274	**-274**	0	0	**0**
Total	**-52,189**	**-2,426**	**-54,615**	**-63,425**	**-12,980**	**-76,405**

The **net income effects of the financial instruments** according to valuation categories are as follows:

T€	2015				2014			
	L&R	AfS	FLaC	HfT	L&R	AfS	FLaC	HfT
Interest	47,424	0	-69,702	0	49,869	0	-64,064	0
Interest from receivables from concession arrangements	64,194	0	-21,776	-7,358	66,183	0	-23,748	-7,653
Result from securities	0	708	0	0	0	5,159	0	0
Impairment losses	-56,161	-31,190	514	0	-30,673	-13,286	2	0
Disposal losses/profits	0	6,044	0	0	0	9,296	0	0
Gains from derecognition of liabilities and payments of written off receivables	0	0	4,082	0	0	0	4,869	0
Net income recognised in profit or loss	**55,457**	**-24,438**	**-86,882**	**-7,358**	**85,379**	**1,169**	**-82,941**	**-7,653**
Value changes recognised directly in equity[1)]	0	-193	0	21,094	0	2,155	0	-19,138
Net income	**55,457**	**-24,631**	**-86,882**	**13,736**	**85,379**	**3,324**	**-82,941**	**-26,791**

Dividends and income from investments shown in net income from investments are part of operating income and therefore not part of net income of financial instruments. Impairment losses, reversal of impairment losses, disposal gains and disposal losses of loans & receivables (L&R) and of financial liabilities measured at amortised cost (FLaC) are carried in other income or other expenses.

Impairment losses, reversal of impairment losses, disposal gains and disposal losses of the financial instruments are carried in net income from investments if they are investments in subsidiaries or participation companies, otherwise in net interest income.

Derivative instruments are used exclusively to hedge existing risks resulting from changes in currency and interest rates. The use of derivative financial instruments in the group is subject to the appropriate approval and control procedures. The connection to a mainstay business is a must, trading is not permissible.

Principles of risk management

The STRABAG Group is subject to credit, market and liquidity risks related to its assets, liabilities and planned transactions. The goal of financial risk management is to minimise these risks through ongoing financially oriented activities.

1) Excluding derivatives from equity-accounted investments in the amount of T€ -464 (2014: T€ -513)

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.

Interest rate risk

The financial instruments bear 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€ 675,000.

As at **31 December 2015**, the following **hedging transactions** existed:

T€	31.12.2015		31.12.2014	
	Nominal value	Market value	Nominal value	Market value
Interest rate swaps	738,252	-55,019	732,085	-70,349

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 value 31.12.2015 T€	Weighted average interest rate 2015 %
EUR	1,822,109	0.42
PLN	313,865	1.71
CZK	191,638	0.11
HUF	101,992	1.15
Others	295,135	1.02
Total	**2,724,739**	**0.64**

Bank borrowings

Currency	Carrying value 31.12.2015 T€	Weighted average interest rate 2015 %
EUR	874,317	1.56
Others	20,094	6.34
Total	**894,411**	**1.67**

Had the interest rate level at 31 December 2015 been higher by 100 basispoints, then the EBT would have been higher by T€ 19,952 (2014: T€ 11,487) and the equity at 31 December 2015 would have been higher by T€ 51,046 (2014: T€ 45,990). Had the interest rate level been lower by 100 basispoints, 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 remaining currency risk mainly results when the currency of the order deviates from the functional currency of the subsidiary affected.

The internal financing of companies within the group using different functional currencies resulted in an earnings-relevant currency risk.

This applies in particular to orders in Eastern Europe which are concluded in euro. The planned proceeds are received in the currency of the order while a substantial part of the associated costs is made in the local currency.

In order to limit the remaining currency risk and secure the calculation, derivative financial instruments are transacted. As at **31 December 2015**, the following hedging transactions existed for the **underlying transactions**[1)] mentioned below:

T€ Currency	Expected cash flows 2016	Expected cash flows 2017	Total	Positive market value of the hedging transaction	Negative market value of the hedging transaction
HUF	107,370	0	107,370	362	-513
PLN	58,110	0	58,110	664	0
CZK	55,666	0	55,666	0	-165
AED	13,780	0	13,780	48	0
Others	12,300	0	12,300	56	-48
Total	**247,226**	**0**	**247,226**	**1,130**	**-726**

As at **31 December 2014**, the following hedging transactions existed for the **underlying transactions**[1)] mentioned below:

T€ Currency	Expected cash flows 2015	Expected cash flows 2016	Total	Positive market value of the hedging transaction	Negative market value of the hedging transaction
HUF	177,830	0	177,830	45	-4,264
AED	31,095	0	31,095	0	-1,539
PLN	16,850	0	16,850	3	-182
Others	12,669	0	12,669	204	-324
Total	**238,444**	**0**	**238,444**	**252**	**-6,309**

Of the derivative financial instruments classified as cash flow hedges as at 31 December 2014, T€ 178 were recycled from equity and recognised in the consolidated income statement in the 2015 financial year (2014: T€ -495). The resulting deferred tax expense amounted to T€ -34 (2014: tax income of T€ 96).

Development of the important **currencies in the group**:

Currency	Exchange rate 31.12.2015: 1 € =	Average rate 2015: 1 € =	Exchange rate 31.12.2014: 1 € =	Average rate 2014: 1 € =
HUF	315.9800	309.5867	315.5400	309.9825
CZK	27.0230	27.2695	27.7350	27.5513
PLN	4.2639	4.1841	4.2732	4.1939
CHF	1.0835	1.0646	1.2024	1.2127

Essentially, the Polish zloty, the Czech crown, the Hungarian forint and the Swiss franc are affected by revaluation (devaluation). The following table shows the hypothetical changes in EBT and equity if the euro in the year 2015 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	9,398	9,398	-9,398	-9,398
HUF	-2,234	-2,234	2,234	2,234
CHF	-8,772	-8,772	8,772	8,772
CZK	14,224	14,224	-14,224	-14,224
Other	-1,786	-1,786	1,786	1,786

1) Not entirely represented as hedge accounting

The following table shows the hypothetical changes in EBT and equity if the euro in the year **2014** 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	3,917	3,917	-3,917	-3,917
HUF	-10,049	-10,049	10,049	10,049
CHF	-7,954	-7,954	7,954	7,954
CZK	4,620	4,620	-4,620	-4,620
Other	-3,931	-3,931	3,931	3,931

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 exchanges rates was not taken into consideration.

Credit risk

The maximum risk of default of the financial assets, without cash and cash equivalents, on the balance sheet date is T€ 3,982,275 (2014: T€ 4,200,177) and corresponds to the carrying amounts presented in the balance sheet. Thereof T€ 2,392,972 (2014: T€ 2,546,068) involve trade receivables. Receivables from construction contracts and receivables from consortia involve ongoing construction projects and are therefore not yet payable for the most part. Of the remaining trade receivables only insignificant amounts are overdue and not impaired.

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.

Furthermore, there is a derived credit risk arising from the financial guarantee contracts (guarantees issued) of T€ 34,125 (2014: T€ 42,209).

Financial assets are impaired item by item if the carrying amount of the financial assets 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. The impairment is composed of many individual items of which none, seen alone, is significant. In addition to the estimation of the creditworthiness risk, the relevant country risk is also taken into consideration. Graduated valuation adjustments are formed according to risk groups to take into consideration general credit risks.

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 a syndicated cash and aval credit line in the amount of € 0.4 billion respectively € 2.0 billion. The overall line for cash and aval loan amounts to € 7.1 billion. The syndicated surety credit line contains covenants which were fulfilled at the balance sheet date.

The medium- and long-term liquidity needs have so far been covered by the issue of corporate bonds as well. In the years 2011, 2012 respectively 2013 bonds of € 175 million, € 100 million respectively € 200 million each with a term to maturity of seven years were issued. In the 2015 financial year, a € 200 million bond was floated with an annual coupon of 1.625 %. The € 100 million corporate bond issued in the year 2010 was repaid in the past financial year. Depending on the market situation and the appropriate need, further bond issuances are planned.

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 2015

T€	Carrying value 31.12.2015	Cash flows 2016	Cash flows 2017–2020	Cash flows after 2020
Bonds	675,000	21,813	541,375	206,500
Bank borrowings	894,411	304,336	304,571	369,493
Liabilities from finance leases	10,336	1,190	4,760	6,814
Financial liabilities	**1,579,747**	**327,339**	**850,706**	**582,807**

Payment obligations as at 31 December 2014

T€	Carrying value 31.12.2014	Cash flows 2015	Cash flows 2016–2019	Cash flows after 2019
Bonds	575,000	122,813	340,938	206,000
Bank borrowings	1,023,759	358,564	427,097	349,410
Liabilities from finance leases	11,163	1,335	4,760	8,005
Financial liabilities	**1,609,922**	**482,712**	**772,795**	**563,415**

The trade payables and the other liabilities (see item 22) essentially lead to cash outflows in line with the maturity at the amount of the carrying values.

(27) 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 the ground engineering and hydraulic engineering activities.

The segment South + East comprises the construction activities in Austria, Switzerland, Hungary, Czech Republic, Slovakia, Adriatic, Rest of Europe and Russia and Neighbouring Countries and environmental engineering business, and selected real estate development activities, primarily in Austria.

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.

Segment reporting for the financial year 2015

T€	North + West	South + East	International + Special Divisions	Other	Reconciliation to IFRS financial statements	Group
Output Volume	**6,368,404**	**4,535,132**	**3,250,105**	**136,123**		**14,289,764**
Revenue	**5,895,104**	**4,412,355**	**2,790,881**	**25,136**	**0**	**13,123,476**
Inter-segment revenue	94,056	19,826	263,065	764,992		
EBIT	**105,174**	**197,048**	**46,788**	**226**	**-8,193**	**341,043**
thereof share of profit or loss of equity-accounted investments	59,992	28,483	-26,878	292	0	61,889
Interest and similar income	0	0	0	82,071	0	82,071
Interest expense and similar charges	0	0	0	-106,490	0	-106,490
EBT	**105,174**	**197,048**	**46,788**	**-24,193**	**-8,193**	**316,624**
Investments in property, plant and equipment, and in intangible assets	0	0	0	395,751	0	395,751
Write-ups, depreciation and amortisation	21,701	20,280	4,470	428,606	0	475,057
thereof extraordinary write-ups, depreciation and amortisation	21,701	20,280	4,470	35,043	0	81,494

Segment reporting for the financial year 2014

T€	North + West	South + East	International + Special Divisions	Other	Reconciliation to IFRS financial statements	Group
Output Volume	**6,292,451**	**4,170,804**	**2,970,134**	**132,606**		**13,565,995**
Revenue	**5,719,122**	**3,996,963**	**2,738,435**	**21,153**	**0**	**12,475,673**
Inter-segment revenue	114,321	13,986	288,246	785,936		
EBIT	**28,671**	**168,626**	**92,181**	**351**	**-7,870**	**281,959**
thereof share of profit or loss of equity-accounted investments	61,081	35,760	-56,866	300	0	40,275
Interest and similar income	0	0	0	82,169	0	82,169
Interest expense and similar charges	0	0	0	-108,366	0	-108,366
EBT	**28,671**	**168,626**	**92,181**	**-25,846**	**-7,870**	**255,762**
Investments in property, plant and equipment, and in intangible assets	0	0	286	346,201	0	346,487
Write-ups, depreciation and amortisation	16,861	129	11,372	409,621	0	437,983
thereof extraordinary write-ups, depreciation and amortisation	16,861	0	7,768	20,033	0	44,662

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 in regards to 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€	2015	2014
Net income from investments	-15,680	-19,082
Other consolidations	7,487	11,212
Total	**-8,193**	**-7,870**

Breakdown of revenue by geographic region

T€	2015	2014
Germany	6,146,357	6,030,243
Austria	1,995,565	2,030,313
Rest of Europe	4,487,631	3,968,098
Rest of World	493,923	447,019
Revenue	**13,123,476**	**12,475,673**

Presentation of revenue by region is done according to the company's registered place of business.

(28) 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 Rasperia Trading Limited, owned 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.

Haselsteiner Group

The Haselsteiner Group holds investments in various areas such as banks, real estate and infrastructure. The portfolio also includes investments in healthcare and the cultural area.

The business relations between STRABAG SE and the companies of the Haselsteiner Group during the financial year are presented below.

T€	2015	2014
Work and services performed	11,808	11,566
Work and services received	2,363	2,850
Receivables as at 31.12.	13,064	14,398
Liabilities as at 31.12.	26	37

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 owned by Russian businessman Oleg Deripaska. A cooperating agreement lays out the principles for joint operating cooperation in Russia and the CIS states between the STRABAG Group and the Basic Element Group.

STRABAG performed construction work connected to the Olympic Games in Sochi for the company Basic Element Group. A part of these receivables is to be paid during the years 2014 to 2018. The open receivables amounted to T€ 23,084 on 31 December 2015 (2014: T€ 30,777). The receivables carry interest and are secured by collateral under usual market conditions.

To consolidate and expand the business in Russia, STRABAG made in 2010 an advance payment secured by a bank guarantee, of € 70 million, for a 26 % stake in the leading Russian road construction company Transstroy, part of the diversified industrial holding Basic Element. STRABAG had the right to refrain from the purchase and to demand reimbursement of the deposit of € 70 million if the parties fail to agree on a final purchase price following a due diligence process. In 2014, STRABAG exercised its right to reversal, whereupon a portion of the advance was paid back. The remainder is to be repaid until 2018. As at 31 December 2015, the open receivables amounted to T€ 38,166 (2014: T€ 39,222). The receivables carry interest and are secured by collateral under usual market conditions.

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 Graz are held in the real estate portfolio of subsidiaries of IDAG Immobilienbeteiligung u. -Development GmbH. The buildings are let to and in part sublet by STRABAG Group at the usual market conditions. Rental costs arising from both buildings in the 2015 financial year amounted to T€ 7,982 (2014: T€ 7,897). Other services in the amount of T€ 102 (2014: T€ 184) were obtained from the IDAG Group.

Furthermore, revenues of T€ 13,272 (2014: T€ 6,142) were made with IDAG Immobilienbeteiligung u. -Development GmbH in the 2015 financial year. At the balance sheet date of 31 December 2015, the STRABAG Group had receivables from rental deposits amounting to T€ 24,699 (2014: T€ 23,529) from IDAG Immobilienbeteiligung u. -Development GmbH.

Equity-accounted investments

In September 2003, **Raiffeisen evolution project development GmbH**, a joint project development company, was founded together with R.B.T. Beteiligungsgesellschaft m.b.H, "URUBU" Holding GmbH (both Raiffeisen group) and UNIQA Beteiligungs-Holding GmbH.

Raiffeisen evolution project development GmbH bundles project developments in building construction activities of the shareholders (excluding Germany and Benelux). STRABAG Group is employed in the construction work on the basis of arm's-length contracts. In 2015 revenues of T€ 9,146 (2014: T€ 12,601) were made. At the balance sheet date, there were receivables against the Raiffeisen evolution project development group in the amount of T€ 1,408 (2014: T€ 1,208).

The shareholders of the Raiffeisen evolution project development GmbH have basically agreed to proportionally accept any obligations arising from the project developments.

STRABAG holds a 49.9 % investment in **Erste Nordsee-Offshore-Holding GmbH** and in **Zweite Nordsee-Offshore-Holding GmbH.** 1.1 % of these companies is held by RBI PE Handels- und Beteiligungs GmbH (a related company via Raiffeisen Holding NÖ-Wien Group) and 49.9 % are held by third parties.

The two holding companies hold special purpose companies which have been awarded the permits to build wind turbines in the North Sea or which are currently in the approval procedure.

In 2014, STRABAG sold the 1.1% investment in the holding companies to RBI PE Handels- und Beteiligungs GmbH at the usual market rate.

A loan granted to Zweite-Nordsee-Offshore Holding amounted to T€ 5,035 (2014: T€ 3,900) on 31 December 2015 with accrued interest of T€ 218 (2014: T€ 73). Additionally, receivables in the amount of T€ 65 (2014: T€ 225) were recognised as at 31 December 2015. Services in the amount of T€ 31(2014: T€ 119) were performed and no services were received.

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 2015, STRABAG procured cement services worth T€ 18,514 (2014: T€ 19,430) from Lafarge. At the balance sheet date, there were liabilities to Lafarge Cement CE Holding GmbH Group in the amount of T€ 53 (2014: T€ 84).

The **business transactions with the other equity-accounted investments** can be presented as follows:

T€	2015	2014
Work and services performed	62,874	69,365
Work and services received	33,505	30,891
Receivables as at 31.12.	11,800	11,172
Liabilities as at 31.12.	6,784	5,321

For information about construction consortia we refer to item 14 (notes on construction consortia).

In June 2010, the German Federal Cartel Office initiated a sector inquiry into the market for rolled asphalt. In order to dispel the reservations of the German competition regulator in this regard, corporate interlocks were broken up, among other things, through the sale and purchase of individual production sites to/from BAM Group. The transactions had an immaterial impact on the consolidated financial statements.

The 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 were of minor significance in the year under report and the previous year.

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€ 12,427 (2014: T€ 20,373) in the year under report. Of this amount, T€ 12,146 (2014: T€ 19,797) is attributable to the current remuneration and T€ 281 (2014: T€ 576) to severance and pension payments.

(29) NOTES ON THE MANAGEMENT AND SUPERVISORY BOARDS

Management Board

Dr. Thomas Birtel (CEO)
Mag. Christian Harder
Dipl.-Ing. Dr. Peter Krammer
Mag. Hannes Truntschnig
Dipl.-Ing. Siegfried Wanker

Supervisory Board

Dr. Alfred Gusenbauer (Chairman)
Mag. Erwin Hameseder (Vice Chairman)
Mag. Hannes Bogner
Mag. Kerstin Gelbmann
Dr. Gulzhan Moldazhanova (since 13 January 2016)
William R. Spiegelberger (since 12 June 2015)
Andrei Elinson (until 13 January 2016)
Ing. Siegfried Wolf (until 12 June 2015)

Dipl.-Ing. Andreas Batke (works council)
Miroslav Cerveny (works council)
Magdolna P. Gyulainé (works council)
Georg Hinterschuster (works council)
Wolfgang Kreis (works council)

The total salaries of the Management Board members in the financial year amount to T€ 5,829 (2014: T€ 3,981). The severance payments for Management Board members amount to T€ 79 (2014: T€ 120).

The remunerations for the Supervisory Board members in the amount of T€ 135 (2014: T€ 135) are included in the expenses. Neither the Management Board members nor the Supervisory Board members of STRABAG SE received advances or loans.

(30) EXPENSES FOR THE AUDITOR

The expenses for the auditor, KPMG Austria GmbH, incurred in the financial year amount to T€ 1,251 (2014: T€ 1,182) of which T€ 1,135 (2014: T€ 1,127) were for the audit of the consolidated financial statements (including the audit of separate financial statements of group companies) and T€ 116 (2014: T€ 55) for other services.

(31) 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 2015 will take place on 25 April 2016.

(32) EVENTS AFTER THE BALANCE SHEET DATE

In April 2016, a share purchase agreement was concluded with the minority shareholders of Stuttgart-based Ed. Züblin AG covering 42.74 % of the holdings in the company. The STRABAG Group thus increased its stake in Züblin from 57.3 % to 94.9 %. The remaining shares were acquired by a core shareholder of STRABAG SE.

The buyers agreed a fixed strike price totalling € 210.3 million. The agreement also includes a provision for a variable purchase price portion of up to € 114.0 million, to be determined depending on the respective net income after minorities of Ed. Züblin AG in the years 2015 to 2019.

Villach, 9 April 2016

The Management Board

Dr. Thomas Birtel
CEO
Responsibility Central Divisions and Central Staff Divisions (except BRVZ)
as well as Division 3L RANC[1]

Mag. Christian Harder
CFO
Responsibility Central Division BRVZ

Dipl.-Ing. Dr. Peter Krammer
Responsibility Segment North + West

Mag. Hannes Truntschnig
Responsibility Segment
International + Special Divisions

Dipl.-Ing. Siegfried Wanker
Responsibility Segment South + East
(except Division 3L RANC)

1) RANC = Russia and Neighbouring Countries

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 separate financial statements[1)] give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Villach, 9 April 2016

Management Board

Dr. Thomas Birtel
CEO
Responsibility Central Divisions and Central Staff Divisions (except BRVZ)
as well as Division 3L RANC[2)]

Mag. Christian Harder
CFO
Responsibility Central Division BRVZ

Dipl.-Ing. Dr. Peter Krammer
Responsibility Segment North + West

Mag. Hannes Truntschnig
Responsibility Segment
International + Special Divisions

Dipl.-Ing. Siegfried Wanker
Responsibility Segment South + East
(except Division 3L RANC)

1) The separate financial statements are included in the annual financial report.
2) RANC = Russia and Neighbouring Countries

Auditor's report

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of

STRABAG SE,
Villach, Austria,

that comprise the consolidated balance sheet as of 31 December 2015, the consolidated income statement/consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the fiscal year then ended, and the notes.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing – ISA. In accordance with International Standards on Auditing, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

Our audit did not give rise to any objections. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

REPORT ON THE MANAGEMENT REPORT FOR THE GROUP

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Linz, 9 April 2016

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Dr. Helge Löffler
Wirtschaftsprüfer
(Austrian Chartered Accountant)

The consolidated financial statements together with our auditor's opinion may only be published if the consolidated financial statements and the management report for the Group are identical with the audited version attached to this report. This auditor's report applies only to the German and complete consolidated financial statements including the management report. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies.

GLOSSARY

ATX (Austrian Traded Index)	The index of leading shares of the Vienna Stock Exchange (Wiener Börse)
BIM	Building Information Modelling
Book value per share	Book value of equity/number of outstanding shares
BPM	Business process management
BREEAM	Building Research Establishment Environmental Assessment Methodology
BS OHSAS 18001	British Standard Occupational Health and Safety Assessment
CAGR (Compound Annual Growth Rate)	Mean growth rate on an annualised basis
CAPEX (Capital Expenditure)	Investments; acquisition of financial assets + acquisition of intangible assets as well as property, plant and equipment + changes to the scope of consolidation
Capital employed	Total of group equity + interest-bearing debts
Cash flow	Cash and cash equivalents being received and spent
Carbon footprint	Measure of carbon emissions caused by an activity
CO_2	Carbon dioxide (greenhouse gas)
Code of Conduct	Guidelines which reflect the company's policy; compliance is mandatory for all employees, directors and officers
Compliance	Abidance with applicable laws and relevant regulations
Corporate Governance	A code of conduct for publicly listed companies; corporate governance comprises all guidelines which maximise transparency and control in order to avoid conflicts of interest
Cost-plus-fee	Contract model under which the client pays the contractor a previously agreed percentage of the costs of the project as a fee
DGNB	German Society for Sustainable Construction (Deutsche Gesellschaft für Nachhaltiges Bauen e.V.)
Directors' dealings	Transactions with company securities by company directors or officers
Earnings per share	Net income after minorities/weighted average number of shares
EBIT	Earnings before interest and taxes
EBIT margin	Ratio of EBIT to revenue in %
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EBITDA margin	Ratio of EBITDA to revenue in %
EBT	Earnings before taxes
encord	European Network of Construction Companies for Research and Development
Equity ratio	Ratio of book value of equity to balance sheet total

Equity method, at-equity consolidation	Method of consolidation of shares in associated companies and joint ventures; mostly companies in which STRABAG holds a stake between 20 % and 50 %
ERP systems	Enterprise Resource Planning
Four-eyes principle	Principle according to which an activity is carried out and monitored by different persons
GDP	Gross Domestic Product
Gearing ratio	Net debt/total group equity
GRI	Global Reporting Initiative
ICT	Information and communications technologies
IFRS	Financial reporting standards and interpretations adopted by the International Accounting Standards Board (IASB)
IoT	Internet of Things
ISO 14001	International standard designed to help organisations establish environmental management systems
ISO 50001	International standard designed to help organisations establish energy management systems
LEED	Leadership in Energy and Environmental Design
Net debt	Financial liabilities - non-recourse debt + severance and pension provisions - cash and cash equivalents; called net cash in case of negative result
Order backlog	Future revenues from contracts signed to a specific date less work already accomplished
ÖCGK	Austrian Corporate Governance Code (Österreichischer Corporate Governance Kodex)
ÖGNI	Austrian Sustainable Building Council (Österreichische Gesellschaft für Nachhaltige Immobilienwirtschaft)
Payout ratio	Dividends/earnings per share
PPP (Public-Private Partnership)	Project which is funded and operated through a partnership of private investors and public-sector institutions
Pro rata temporis (lat. “at the rate for the time”)	Allocation of an amount at a rate proportional to the time allotted
RANC	Russia and Neighbouring Countries
Risk management	An approach to recognise potential risks to the company and develop strategies to manage these risks
ROCE (Return on Capital Employed)	(Net income + interest on debt - interest tax shield (25 %))/(average group equity + interest-bearing debt)
SCC	Safety Certificate Contractors
Sureties	Bank guarantees or surety bonds
Value chain	The individual steps and actions required to create a product or deliver a service
WBI	Vienna Stock Exchange Share Index, made up of all companies listed on the Vienna Stock Exchange (Wiener Börse Index)

FINANCIAL CALENDAR

Annual Report 2015	**29 April 2016**
Publication	7:30 a.m.
Press conference	10:00 a.m.
Investor and analyst conference call	2:00 p.m.
Interim Report January–March 2016	**31 May 2016**
Publication	7:30 a.m.
Investor and analyst conference call	2:00 p.m.
Notice of Annual General Meeting	13 May 2016
Shareholding confirmation record date	31 May 2016
Annual General Meeting 2016	**10 June 2016**
Start: 10:00 a.m.	
Location: Austria Center Vienna, 1220 Vienna	
Ex-dividend date	17 June 2016
Record date	20 June 2016
Payment date for dividend	21 June 2016
Semi-annual Report 2016	**31 August 2016**
Publication	7:30 a.m.
Investor and analyst conference call	2:00 p.m.
Interim Report January–September 2016	**30 November 2016**
Publication	7:30 a.m.
Investor and analyst conference call	2:00 p.m.

All times are CET/CEST. Please find the current road show schedule on the website www.strabag.com > Investor Relations > Company Calendar.

IMPRINT

Owner, editor and publisher

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The Annual Report was prepared with the highest possible attention to detail.
All information was verified. In case of discrepancy the German version prevails.

The possibility of rounding errors, printing errors or misprints, however, cannot be completely excluded. The Annual Report contains information and forecasts related to the future development of STRABAG SE. These forecasts represent estimates made on the basis of all available information at the time of publication. Should the assumptions underlying the forecasts fail to appear, the actual results could deviate from the expectations.

Many of the projects contained in this financial report were carried out in joint ventures. We hereby extend a warm “thank you” to all our partners.

Creative support during the preparation of the Annual Report:
Wien Nord Werbeagentur GmbH
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Producer: 08/16 printproduktion gmbh

What has been? Please turn over.

WHAT IS TO COME.

STRABAG
SOCIETAS EUROPAEA

PROJECT MANAGEMENT IN 5D.

Digitalisation is everywhere – also in the construction sector. Digitalisation offers the possibility of a faster and cheaper yet also safer construction process as well as more efficient building operations.

Under the designation BIM (Building Information Modelling), the digitalisation of all processes in the construction project lifecycle is currently being pursued intensively worldwide. At STRABAG, this process has been going on since 2008 in the company's own BIM development and service department.

The result, with which STRABAG is setting the benchmark in the sector, is BIM.5D®.

MORE IN-BUDGET.

Thanks to the detailed visualisation, using the virtual model, of cost development in response to changes or adaptations.

- The building data model is gradually being expanded through details such as cost information. This makes it possible to determine the costs with a higher degree of accuracy.
- Resource needs (materials, labour, time) can be estimated for every process – and for the entire project – already during the design phase.

MORE ON-SCHEDULE.

Thanks to the possibility of using the building data model to constantly visualise the scheduling and to review its plausibility.

- All processes can be optimally coordinated with each other during the design phase.
- Possibility to avoid idle time or conflict.
- Better overview of consequences of delays on the entire scheduling.

MORE TRANSPARENT.

Thanks to the virtual building data model, all project-relevant data are synchronised over the entire project lifecycle and made available for all project participants anywhere and anytime.

- All interfaces in the construction process have access to identical up-to-date information.
- Changes can be followed in the project lifecycle by all project participants at any time.

CLOSER TOGETHER.

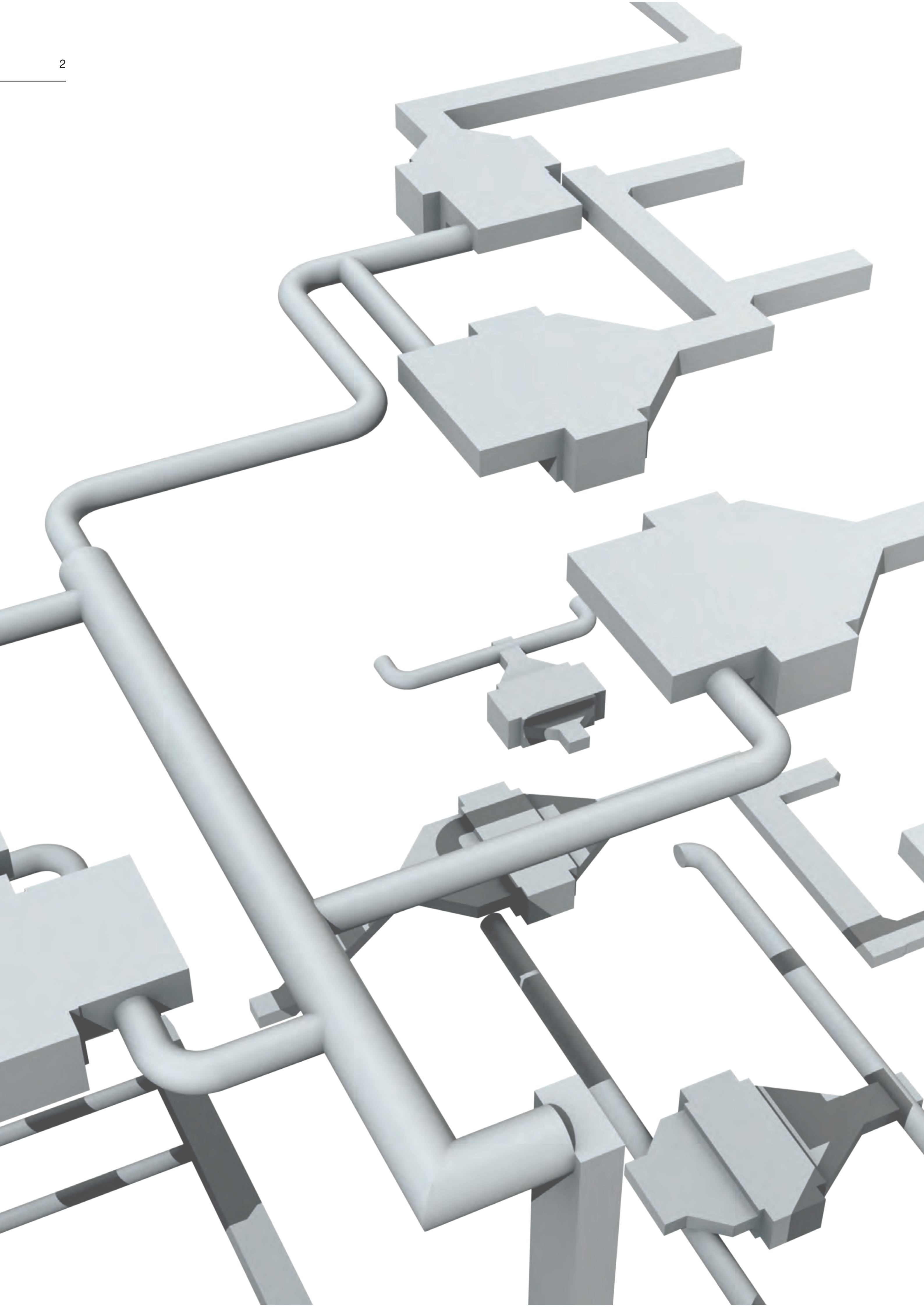
Thanks to the seamless communication and good working relationships among all internal and external partners – TEAMS WORK.

- Information can be exchanged more easily and more quickly.
- The close cooperation of all project participants is supported and promoted.

MORE EFFICIENT.

Thanks to a virtual building data model that identifies and harnesses process optimisation potential over the entire project lifecycle.

- Helps to identify and solve structural issues already during the design phase.
- Detailed information considerably simplifies space management and maintenance planning, energy management, and renovation or conversion without interruption to operations.



The inter- connected- ness of the world.

New information and communications technologies (ICT) make digitalisation a phenomenon that is present everywhere. Like an invisible net, it covers all areas of our lives and makes it possible to interact with everything and everyone, anywhere and anytime.

In the process, it is not only intensifying the interconnectedness among people and between people and machines, but also among machines and between machines and intelligent objects. This allows them to communicate more or less autonomously without data loss or added effort.

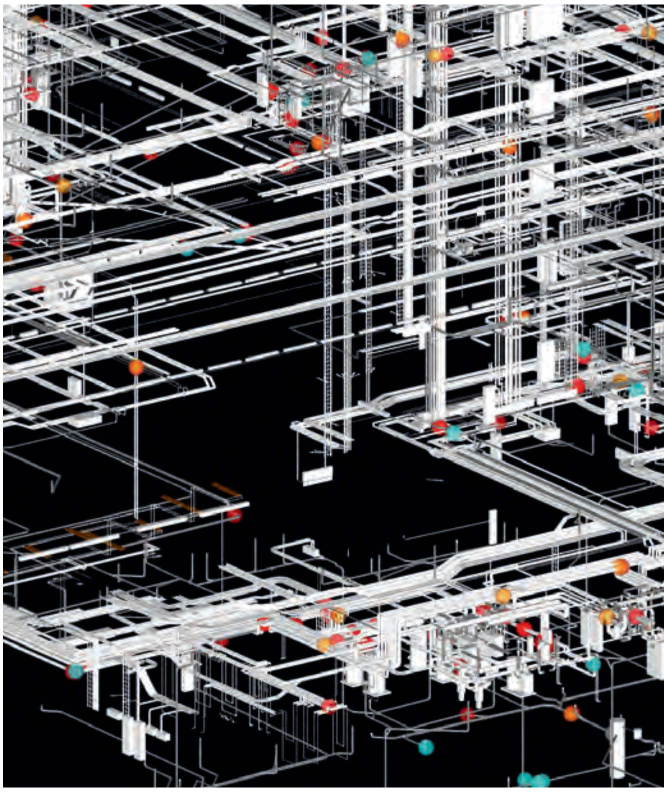
The Internet of Things.

The internet is already being used by more machines and intelligent objects than by people. But they do so in order to make life easier for people in many different areas – which goes largely unnoticed, like the refrigerator that automatically orders food when you're running low.

By using modern sensory technology, storage options and software, as well as the data generated in the process, clearly identifiable physical objects are given a virtual representation as a basis for exchanging information in the digital world – usually with the aim of optimising their function and thus their usefulness.

Manifest once more in this Internet of Things (IoT) is the all-encompassing transformation of our society from a technology-based society into a communications-based society, i.e. from an industrial society into an information society.

The terminology alone shows that this change will result in fundamental challenges but also enormous development potential for the industry. The optimisation of business performance, on the basis of an information exchange that is as seamless as possible, will become a crucial, perhaps even vital, factor.



The digitalisation of the construction industry.

In many branches of industry, especially in non-mobile ones, modern ICT is already in use. In mechanical engineering, for example, the digital possibilities are being used to optimise processes in the various production phases in practically all areas of the sector.

For a variety of reasons, on the other hand, the construction industry – especially in Central Europe – is just getting started. Previous efforts have largely been limited to sending, storing and printing sets of data. On the surface, of course, one must also question the relevance of modern ICT in general and of IoT in particular for the construction industry. After all, how can an industry that in the truest sense of the word creates tangible realities benefit from the virtual world? This line of questioning reveals that the traditional way of thinking is the first hurdle that needs to be taken in order to be able to use the potential of digitalisation in construction.

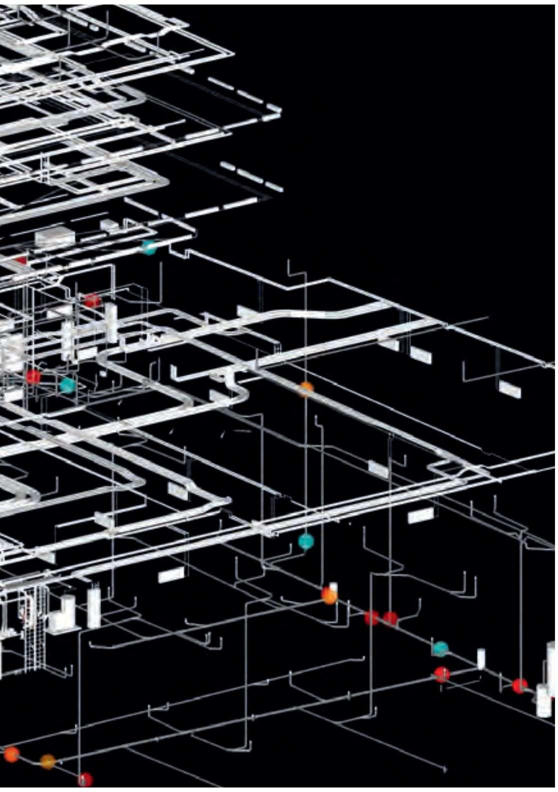
A PARADIGM SHIFT.

From building construction to ground civil engineering to tunnelling, we must reconsider the conventional ways of thinking and of doing things, even if we have depended on some of these ways for centuries. Design in 2D is just one example. Much of what has previously been considered absolutely valid must at least be critically examined. Because: the full and complete digitalisation of all building data relevant to design, realisation and operation, and their end-to-end combination and linkage, make the optimisation of processes possible over the entire project lifecycle. And that holds many advantages for all participants in the construction process.

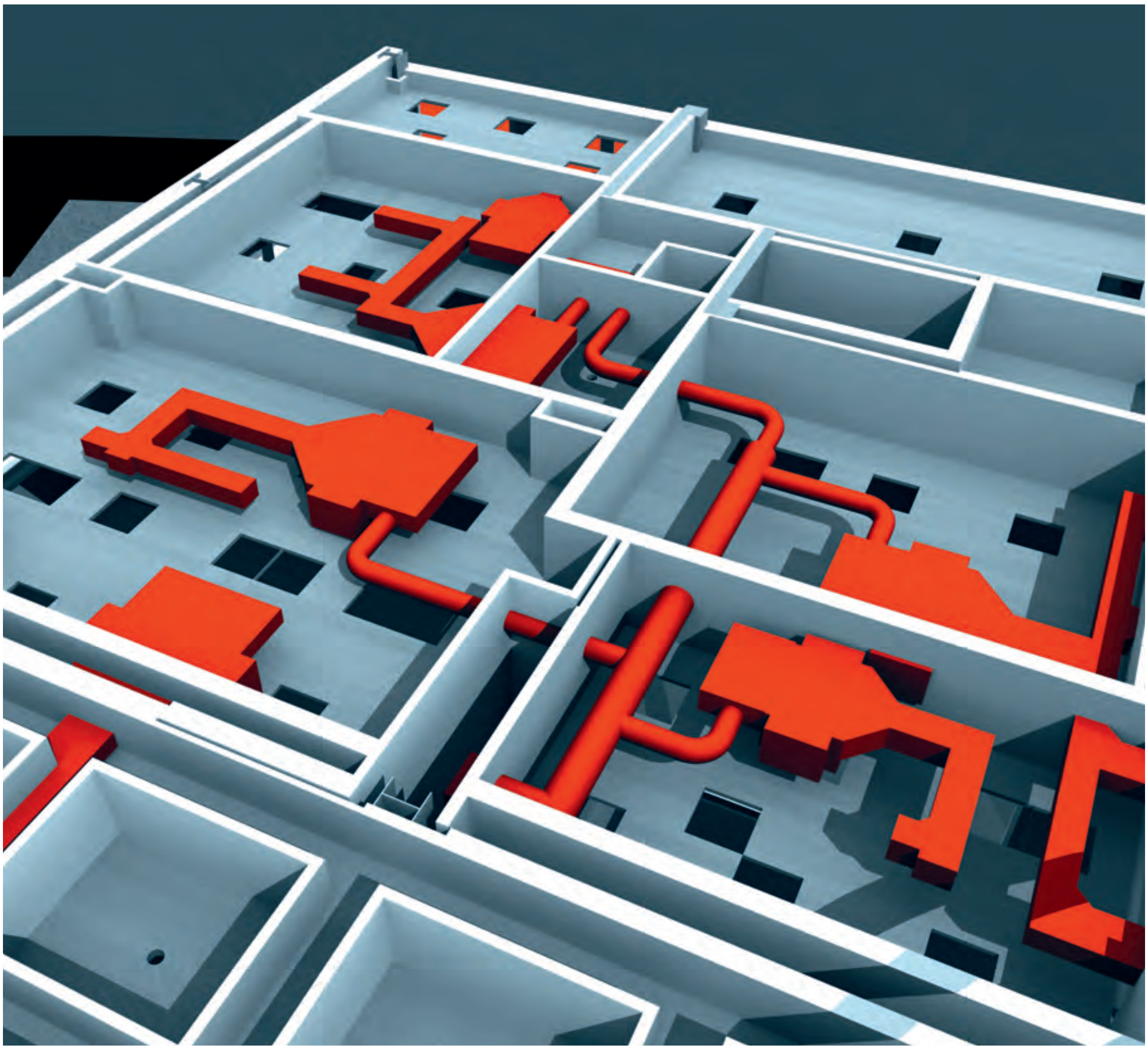
NEW PARTNERSHIPS AND COOPERATION.

Naturally this requires partnerships and cooperation that go beyond the previous industry and industry-related networks. After all, the digital construction site needs digital tools and techniques. But their development requires know-how that previously had simply not been necessary in the construction industry.

Tools alone will not be enough, however. Every client, every company carrying out the actual work, and every project has its own special requirements. This requires project-specific selection, adaptation and coordination of the tools on the basis of an end-to-end, systemic understanding – in short: a standardised method that merges the real and digital worlds.



The end-to-end digitalisation and combination of all building data makes it possible for problems arising during realisation of the geometric design to be identified and solved already in the digital model. (Fig.: Conflict detection using Navisworks® from Autodesk)



BIM is a method which merges the digital and real worlds in a building data model during the modelling and management of the building data. The model contains not only geometric data, but also non-geometric data.

Building digitally: BIM.

BIM describes this method. Originally BIM stood for “Building Information Model”. Today it is usually understood as “Building Information Modelling” or “Building Information Management”. The variant of choice basically only depends on where you have your focus – on modelling or on managing the building data.

SEAMLESS COMMUNICATION.

BIM in itself always deals with both aspects. It is the model-based design, realisation and operation of real buildings with the aim of guaranteeing the long-sought-after consistency in the promotion of transparency, efficiency and communication among all involved. To this end, all relevant data are digitally registered, combined and linked over the entire lifecycle of a construction project. The result is a building data model that basically is a giant synchronised database allowing all project participants to access it anywhere and anytime. Besides the geometric data (= 3D model of the building), it also contains non-geometric data (= detailed information on materials, costs, programme, etc.).

On the basis of this building data model, BIM guarantees a level of security in terms of cost, design and scheduling that has never before been seen in construction – and it does so at a very early stage in the process. Missing information and conflicts among the individual trades and disciplines can be identified in time to avoid expensive design errors or failed coordination. Particularly in the construction sector, where profit margins are often in the low single digits – by way of comparison: margins are around 10 % in automotive manufacturing and even 33 % in the software business –, this can be a decisive factor for the economic success of a project. BIM would not only guarantee this level, it would also make growth possible. These forecasts must be qualified, however: a double-digit increase may be theoretically possible but would be utopian in practice at this time. It would require avoiding any error or friction, something which the current state of BIM development does not permit. This benchmark will be reached at some point, but here, as anywhere else, a goal is best reached one step at a time.

BIM IS EVERYONE'S BUSINESS.

The public sector has an obvious interest in demanding and encouraging the development and use of BIM in order to achieve increased scheduling certainty and, as a result, a higher level of cost security. After all, budget overruns and scheduling delays are common in the realisation of large projects. Germany, for instance, has elaborated a step-by-step plan for the implementation of BIM by the year 2020. In the Scandinavian countries and the UK – where the implementation of BIM has been mandatory since 2016 – the development is at an even more advanced stage. An international standard for BIM has not yet been defined, however, and to date no single example of BIM is widespread enough to have emerged as a de facto standard.

From the conception of the first abstract design ideas to the realisation of the actual building, BIM simulates everything in 3D and shows the necessary processes over time. (Fig.: Visual rendering of construction progress on BLOX/Bryghus using Maya® from Autodesk)

STRABAG has been pursuing the vision of a digital construction site since the late 1990s – because every change is an opportunity to become even better.

One step ahead: BIM.5D®.

STRABAG's BIM activities emerged as a result of a joint research project with Daimler in the late 1990s. Subsequently, STRABAG and five other leading construction companies, all of them members of the European Network of Construction Companies for Research and Development (www.encord.org), launched the 5D Initiative (www.5d-initiative.eu) in 2008.

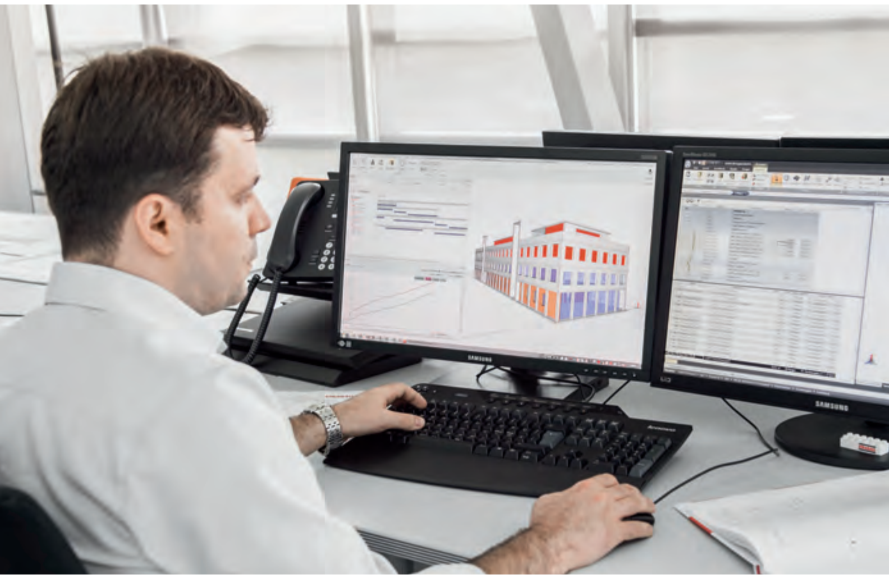
The 5D Initiative is helping to intensify the close cooperation with software developers, research institutes and universities in order to develop the necessary hardware and software tools to meet the requirements of the construction industry. After all: If you want to contribute to the introduction of an innovation like BIM, which will change not only your own company but also the construction industry as a whole, you need strong partnerships early on.

STRABAG setting standards.

At STRABAG, BIM is being developed and has already been successfully implemented in a number of projects under the name of BIM.5D® – where the 5D stands for the 3D model + time (4D) + process data (5D). “BIM.5D” is a registered trademark of the group and serves especially to establish the STRABAG-specific expression of BIM as an industry standard on a verbal level.

BIM.5D® makes the geometric and non-geometric data, their development versus time, and the expertise of all involved available in the form of so-called specialty models – all of these discipline-specific models from the individual participants together add up to the building’s digital representation – for anyone, anytime. Simply said, these specialty models complement each other in order to provide a complete digital picture of a building and its design, construction and utilisation processes. A model-based cost estimate, for example, could include the materials in the model with the product numbers, linked with the corresponding costs. A change in the price of a product would then automatically result in a changed project cost.

BIM.5D® in the design phase.



BIM.5D® allows project participants to share their expertise during the design phase by making their respective models available for others.

In addition to model-based cost estimation, conflict detection is one of the most obvious advantages which the use of BIM.5D® can afford already in the design phase. Conflict detection shows to what degree the geometric design can be realised and where problems are likely to occur, e.g. between the structural steelwork and the mechanical and electrical installations (M&E). In this way, for example, some 30,000 problems were identified at the start of the BLOX/Bryghus building construction project in Copenhagen, Denmark. Of these, most could be resolved in the virtual model. Only in rare cases was it necessary to wait for the actual construction of the building in order to assess the situation in the real world. Of enormous significance for conflict detection, and for the design phase in general, are the new possibilities offered by BIM.5D® to communicate continuously and close information gaps.

Design with BIM.5D® does entail additional expenses, but they account for just a fraction of the savings during realisation. In the case of BLOX/Bryghus, we can say with hindsight that six euros were saved for every euro invested in BIM.5D®.

In the case of BLOX/Bryghus, we can say with hindsight that six euros were saved for every euro invested in BIM.5D®.

BIM.5D® during realisation.

In the realisation phase, the digital process chains across all areas of work allow BIM.5D® to increase efficiency and transparency, making it of enormous logistic support. Anyone can see at any time how far and why a project has progressed – e.g. is element X still in production, is it on its way, has it already been delivered or is it in the process of being installed – and how much what costs. The same is true for scheduling certainty. BIM.5D® makes it possible to use the building data model to constantly visualise the scheduling and to review its plausibility in the process.

This makes BIM.5D® a decisive advantage already in the tendering phase. After all, what client would not want to have a high degree of cost certainty and transparency from the design and realisation phase all the way to operations. Such an interest naturally also exists among investors or creditors, e.g. banks, or insurance companies.

BIM.5D® during operations.

The main uses of BIM.5D® can currently be found in the design and realisation phase, but there is plenty to be said for its use during the operations phase too. After all, just 20 % of a building's lifecycle costs accrue during construction. The remaining 80 % affect facility management. Using BIM.5D® here requires first comparing the real object with its virtual representation. A laser is also helpful to create building data models from already completed structures in order to take advantage of BIM.5D® in the operations phase – e.g. as was the case with the South Side Utility Tunnel in Doha, Qatar.

Conflict detection using BIM.5D® can solve errors in the geometric design before the start of the actual construction of the building. Still, despite all of the advantages BIM.5D® holds for the construction industry, it will not be able to replace people.

Project-specific application.

When, where and how much BIM.5D® is needed, or which tools should be used to what degree, in order to be an advantage in a project always depends on the project's exact specifications. This is why STRABAG has created a new position – the BIM manager – to ensure the best possible, project-specific implementation. The BIM manager assists the design coordinators and acts as a catalyst who optimises the workflow of all involved by coming up with strategies for an efficient synchronisation of the processes: the BIM Execution Plan. Naturally this is done in coordination with the client. The BIM management can also often work out a suitable recommendation for the client on the basis of the programme of requirements.

STRABAG already now offers the possibility in every project to review the use of BIM.5D® and apply it as optimally as possible. The further development of tools is essential, however, so that BIM.5D® can finally offer its support in all project phases and in all construction segments.

In coordination with all involved, the BIM manager sees to the best possible implementation of BIM.5D® for the specific project.

STRABAG as developer.

STRABAG basically understands BIM.5D® as the definition of the necessary tools, their expression and the skills of employees to implement the 5D processes for the individual disciplines working on a construction project. The toolbox contains the necessary programmes, including add-ons, the required settings and the templates (catalogues) to help prepare the predefinitions and the structural and working methods. Tool development therefore takes place on the process level and not on the software level. The point is not to develop programmes at random; rather, optimisation potential must be identified within processes before selecting and configuring the necessary software. A total of 23 tools are already available for the processes in different project phases – from project development to technical design, preparation and realisation all the way to facility management – and new tools are being developed all the time. At STRABAG, the switch to working methods based on 5D processes has been organised and laid out in a separate roadmap. The process category “Quantity Takeoff/Estimates”, for example, includes all 5D processes that are necessary for the quantity takeoff based on 3D models for the further design, estimates or billing.

New skills are needed.

An innovation such as BIM.5D®, with far-reaching changes for the entire industry, also has an impact on the qualifications of the participants in the construction process. One example is the new STRABAG BIM Manager. BIM.5D® will certainly not replace people with robots. But the development will ultimately affect positions at all levels as well as their job profiles. This also means that construction industry employers, and especially a leading company like STRABAG, must offer potential staff entirely new development opportunities and become more attractive for people with digital skills in particular.

STRABAG already has more than 73,000 people working for it, most of whom possess enormous industry expertise but little special knowledge of BIM. Their further education and training is an essential aspect for the comprehensive use of BIM.5D®. For all the technology and digitalisation, the proper application of BIM.5D® still requires people. STRABAG is therefore offering training programmes to instruct employees in the tools and necessary user skills needed for BIM.5D®. The training is comprised of a basic module followed by a number of specialist modules (e.g. structural works, façade, etc.).

Despite all of the advantages of BIM.5D®, it will not be able to replace people. On the contrary: It offers our more than 73,000 employees a whole range of new development opportunities.

Brave new construction world.

BIM.5D® holds enormous optimisation potential for construction projects of all sizes. Even small and medium-sized enterprises can benefit from BIM.5D®. Companies in the German-speaking world still remain hesitant, however. One of the most important requirements for the establishment of BIM.5D® will therefore be to perform convincing communications work with public and private clients as well as their design firms, subcontractors and partner companies; with potential industry and non-industry partners; with competing companies; and with investors. It is for this reason, among others, that STRABAG supports the client side with consultation and services even before design and construction starts. At this early stage, BIM.5D®'s leverage, based on sound knowledge of design and construction, is especially high. Furthermore, this helps gather additional know-how on the use of BIM.5D® in practice and will cement the leading role played by STRABAG in the digitalisation of the construction industry.

“The tipping point – the moment
at which a change, a development
or a trend reaches the point
at which everything changes.”

Lars Thomsen
Futurist and trend researcher

Don’t be a frog!

Digitalisation and other tipping points on the way to the future

“It’s difficult to make predictions, especially about the future.” This familiar quotation, which has been attributed to Mark Twain, may be true, but it doesn’t release us from the responsibility to try – in particular, if we want to actively help shape the future.

BY LARS THOMSEN

The construction industry is constantly producing elements of the future, many of which will probably still be used and admired by our grandchildren. In these fast-moving times, what other business can say that of itself? But just as the tools and materials have changed over the years, so too is digitalisation fundamentally changing the way in which we will work in the future. Time to take a look at the trends and transformations of the next ten years.

OF FROGS AND CHANGE

Many of us have heard of the macabre experiment commonly known as the “boiling frog dilemma”. The premise is that a frog thrown into a pot of boiling water will immediately react by jumping out. But if it is placed in cold water that is heated slowly, the frog will experience this change as pleasant and positive for a while – until a critical point is reached: at about 43°C, the proteins in the frog’s blood begin to coagulate and slowly clog the blood vessels in its jumping muscles.

When the frog finally decides to jump to escape the increasingly hotter water, it is too late: not enough oxygenised blood can flow into its muscles. The consequences for the frog are fatal. We call this point the “tipping point” – the moment at which a change, a development or a trend reaches the point at which everything changes. And which you had better keep in mind beforehand instead of reacting when it is too late. But what are the changes in the construction sector facing us in the years to come?

TIPPING POINT 1:
THE END OF DUMB-NESS

The second decade of this century will probably go down in history as the “decade of smartness”. In the past, computers were not much more than improved calculators unable to learn on their own or communicate properly with people. We could easily describe this as “dumb”.

Digitalisation and the extraordinary increase in processing power has brought us to a tipping point at which our computer systems can learn and even analyse and understand complex patterns. Computers are becoming indispensable assistants in our day-to-day dealings, capable of understanding language, designs and constructions and of communicating to an increasingly degree with all the disciplines, people and machines involved in a project.

In the next ten years, the use and benefit of computers will be as indispensable in the construction business as cranes and reinforcement steel are today. The seamless integration of these new tools into the processes and projects will be an essential key element for the success of a company in the future. Even the buildings themselves are being outfitted with increasingly intelligent “digital nervous systems” of sensors and communication lines enabling them to learn for themselves how to optimise their energy demands. For future tenants and users, buildings will no longer be passive objects, but will be seen as intelligent systems in terms of comfort, safety and benefit.

TIPPING POINT 2:
ROBOTICS IN CONSTRUCTION AND ON THE CONSTRUCTION SITE

When we think of robots, we think mainly of mass-production factories or science-fiction films. But the construction industry will soon be at a point at which people and robots will be building and working together. Service robotics and robotic exoskeletons for people will become commonplace on almost every construction site within the next ten years. The latter will help protect a worker's spine and joints when lifting heavy loads and will greatly amplify the wearer's strength.

Additionally, in the year 2026, a whole series of simple construction site tasks will be handled by specialised, relatively independent machines at lower cost and greater speed. Especially the seamless connection with BIM technologies will mean considerable time and cost benefits for the big names in the industry.

TIPPING POINT 3:
MOBILITY IS BECOMING SMART AND ELECTRIC

In ten years' time, the burning of fossil fuels in internal combustion engines will seem historical, just like historic steam machines at funfairs today or the memory of petroleum lamps at construction site barriers. With the price of batteries and electric drive trains falling by more than 10 % a year, almost no vehicles or construction machinery will be running on diesel a decade from now. Many of the world's cities will limit vehicles with internal combustion engines – as electric cars have zero emissions and are significantly more dynamic, quieter and more affordable.

Electric vehicle charging stations will be the norm in every parking space in the underground car parks of buildings. Already today, renewable energies produce nearly twice as much electricity in Germany as would be required by all cars in the country combined. In ten years, electric car batteries will provide the already now urgently needed storage capacity for solar and wind energy and will thus fulfil an interesting double purpose.

In the year 2022, many large cities will provide driverless vehicles to pick people up and take them to their destination at the push of a button. A trip in an autonomous "urban people mover" will cost about as much as a ticket with public transportation today, but will be as practical as taking a taxi. This will also afford the "ageing population" in the cities a high degree of mobility comfort. And we will be avoiding congestion, emissions and standing traffic (parking spaces) – and the cities will gain in terms of quality of life and the environment.

TIPPING POINT 4:
THE INCREASING COMPETITION FOR TALENTED PROFESSIONALS

On the job market, the technological and demographic revolution will bring with it change in nearly all industries. Despite an increasing automation, Europe is losing more people to retirement than are available in the form of new talents. At the same time, the jobs themselves as well as the industries' needs are changing too. This is also true for the construction industry. A lot of young IT-savvy people will be needed to develop BIM systems and integrate them into the projects. But these are just the sorts of people being recruited by companies with attractive names like Google or Apple – and it will take some creativity to woo them for the construction sector.

STRABAG will also have to vie for the best recruits with other companies in the field. But money alone will not decide the competition. Most young people are interested in the responsibilities, the team, the challenge and the perspectives that such a job offers. What needs to be done here is to give the entire industry a more attractive image. We will also see significantly more women in construction, something which – if you ask me – has long been overdue.

Hamburg-native Lars Thomsen is one of the world's leading futurists and trend researchers. His focus is on the future of energy, mobility and smart networks.

TIPPING POINT 5:
A RENEWED FOCUS ON PEOPLE

But with all of the technological developments so far, some of us will be sure to ask where people and human values fit in with all of this technological innovation. As machines and computers take over more and more of our daily activities, people will have new personal freedoms. The work performed by people will receive a new focus, as the value of the work will be measured to a great degree by our social competence, by our skills to solve problems and, based on our own experience, to efficiently plan and humanly communicate. In almost all forecasts, technology will make life and work more human and more worth living.

“In almost all forecasts, technology will make life and work more human and more worth living.”

Lars Thomsen
Futurist and trend researcher

TIPPING POINT 6:
COMPANIES AS VALUE COMMUNITIES

Large social networks existed long before Facebook – with companies in which people worked together, communicated, realised projects, argued or celebrated their successes. Every company has its own culture, its own values and its own attractiveness.

In the future, these values will be among the most important criteria for finding talented and motivated people and integrating them into the company for the long term. Companies will increasingly become a substitute for families, staying with and leaving their mark on people’s lives for years or even decades. All the more reason why the development of a company’s value and culture should not be left to chance, but should be something that is worked on together. That also includes how people treat each other, the environment and their partners, how sustainably one plans and acts, how one deals with criticism and mistakes – and, finally, whether people will feel at home in this community.

IN CONCLUSION:
THE ADVANTAGES FOR THE CONSTRUCTION INDUSTRY

The construction industry has an enormous advantage. While our world is becoming increasingly virtual and many people can no longer see or touch the result of their work, the result of construction is something that remains. This alone seems to me to be a great argument for people to see the world of construction with different eyes.

The future is shaped by people who are in a position to turn visions into reality. People who use their imagination and their talent to create something that doesn’t yet exist. They shape the future day by day. This remains the task for us people and for the communities we form in order reach this goal together. As a society, as part of a company, or in our own lives.

Change is a part of it all. And, as a rule, change is not a bad thing. But consider this: Sometimes we have to move so that we can live well tomorrow. Not every apparently pleasant change is forever. Check the temperature and stay curious. Only in this way will you be open for change and recognise the point when it is time for you to change. And when it comes, don’t be a frog: Jump!