A PART OF IT

Semi-Annual Report 2018
31 August 2018

STRABAG SOCIETAS EUROPAEA

Content

KEY FIGURES

KEY FINANCIAL FIGURES

	Q2/2018	Q2/2017	Δ %	6M/2018	6M/2017	Δ %	2017
Output volume (€ mln.)	4,275.62	3,827.60	12	6,875.39	6,254.39	10	14,620.89
Revenue (€ mln.)	3,951.81	3,440.20	15	6,307.35	5,651.68	12	13,508.72
Order backlog (€ mln.)				18,874.24	16,472.88	15	16,591.87
Employees				73,394	71,662	2	72,904

KEY EARNINGS FIGURES

	Q2/2018	Q2/2017	Δ %	6M/2018	6M/2017	Δ %	2017
EBITDA (€ mln.)	250.23	201.94	24	200.38	151.23	33	834.58
EBITDA margin (% of revenue)	6.3	5.9		3.2	2.7		6.2
EBIT (€ mln.)	158.93	110.50	44	20.03	-32.59	n. m.	448.36
EBIT margin (% of revenue)	4.0	3.2		0.3	-0.6		3.3
EBT (€ mln.)[1]	154.80	96.08	61	12.59	-61.33	n. m.	421.21
Net income (€ mln.)[1]	118.12	66.85	77	2.87	-53.94	n. m.	292.36
Net income after minorities (€ mln.)[1]	116.12	64.61	80	-0.56	-52.79	99	278.91
Net income after minorities margin (% of revenue)[1]	2.9	1.9		0.0	-0.9		2.1
Earnings per share (€)[1]	1.13	0.63	80	-0.01	-0.51	99	2.72
Cash flow from operating activities (€ mln.)	-3.23	-54.66	94	-147.30	-200.51	27	1,345.19
ROCE (%)[1]	2.6	1.6		0.5	-0.5		6.7
Investment in fixed assets (€ mln.)	184.97	130.91	41	289.10	219.16	32	457.62

KEY BALANCE SHEET FIGURES

	30.6.2018	31.12.2017	Δ %
Equity (€ mln.)	3,290.47	3,397.72	-3
Equity ratio (%)	30.5	30.7	
Net debt (€ mln.)	-711.71	-1,335.04	47
Gearing ratio (%)	-21.6	-39.3	
Capital employed (€ mln.)	4,919.99	5,242.91	-6
Balance sheet total (€ mln.)	10,792.78	11,054.12	-2

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

1 Adjustment of the comparison period 2017 due to the presentation of net investments in foreign operational entities acc. IAS 21.32

CEO'S REVIEW

Dear shareholders, associates and friends of STRABAG SE,

With an order backlog of well above € 18 billion, we can report another record level halfway through 2018 after already posting a historic high of € 16.6 billion at the end of the 2017 financial year and cracking the € 17 billion mark in the first quarter of 2018. Our focus remains on carefully and reliably working off our dynamically growing volume of orders.

One challenge we face along the way is binding employees and subcontractors. Here we benefit from our long-established training and development programmes, the varied opportunities that we can offer as a group, and the many years of working in partnership with subcontractors and suppliers.

The high order backlog is already reflected in the output volume. After the first six months in 2018, this figure is 10 % higher than at the same time last year. We are therefore adjusting our outlook for the full year and now expect to generate an output volume of at least € 15 billion. The forecast for the EBIT margin remains unchanged at ≥3 %.

Yours,

Thomas Birtel
CEO of STRABAG SE

- Output volume grows by 10 % in the first half of 2018
- Order backlog (+15 %) reaches another record level, clearly surpassing the € 18 billion mark
- EBITDA (+33 %), EBIT of € 20.03 million in positive territory already halfway through the year
- Outlook for 2018: output volume now expected to reach at least € 15 billion, targeted EBIT margin of again at least 3 %

IMPORTANT EVENTS

JANUARY

STRABAG subsidiary ZÜBLIN starts construction on Germany's first timber high-rise

Stadtsiedlung Heilbronn GmbH and ZÜBLIN are building the ten-storey SKAIO high-rise in Heilbronn based on a design by Berlin-based architectural firm Kaden+Lager. The 34 m building, being erected as part of the city exhibition for the BUGA 2019 horticulture show in Heilbronn, will be Germany's first timber high-rise. With an aboveground gross floor area of 5,685 m², it will offer space for 60 rental units with a total of 3,300 m² of living space.

Two additional sections of S7 in Poland for € 200 million

Two subsidiaries of STRABAG have been awarded the contract in Poland to design and build two sections of the S7 expressway north of Warsaw. The two orders have a total value of PLN 828 million, which is equivalent to approx. € 198 million. The project is scheduled for completion after a construction time of 34 months. One section leads from Strzegowo to Pieńki and is 22 km long, the second section has a length of 14 km and leads from Pieńki on to Płońsk. The S7 is being built as a four-lane facility. The contract also includes the construction of several junctions and rest areas as well as the illumination and drainage systems.

ZÜBLIN awarded € 85 million contract for "Sonnenhöfe im Sternenviertel"

Residential and office construction is booming around the new Berlin Brandenburg Airport in Schönefeld. Sonnenhöfe GmbH & Co. KG, a joint venture of EYEMAXX and DIE Deutsche Immobilien Entwicklungs AG, has hired ZÜBLIN as general contractor for the turnkey construction of 18 four- to five-storey buildings in Neu-Schönefeld. The € 85 million contract also includes the construction of two underground car parks. The plot to be built upon covers approx. 51,100 m² in the centre of Neu-Schönefeld north of the future Berlin Brandenburg Airport. Overall completion is scheduled for August 2021. ZÜBLIN is realising Sonnenhöfe as a general contractor under its teamconcept partnering scheme. The arrangement puts a focus on the early inclusion of all project participants. In this case, ZÜBLIN applied its know-how already during the design phase of the project.

FEBRUARY

NaHiTAs: STRABAG shows innovative way out of the diesel dilemma

STRABAG's TPA competence centre has presented an innovative solution that can help cities fight the negative impact of increased traffic volumes. The R&D project NaHiTAs (Nachhaltiger High-Tech Asphalt – Sustainable High-Tech Asphalt) was demonstrated at the Conference on New Materials in Construction (HighTechMatBau) in Berlin. The team from TPA, which is leading the research project, showed how photocatalytic granulate and a low-noise texture in the asphalt can sustainably lower the impact of air pollution and traffic noise. In view of a possible ban on diesel vehicles in the centre of German cities, the presentation of the initial results of the ongoing research project (7/2015–12/2018) met with a good response among the experts.

MARCH

ZÜBLIN conducts research with moss to 'swallow up' particulate matter

European cities regularly exceed the established limits for fine particulate matter (PM). Congestion charges, speed limits or bans on diesel vehicles are often imposed to remedy the situation. ZÜBLIN is currently researching an alternative solution: moss-covered walls to "swallow up" particle pollution. Mosses have a large leaf surface to bind and degrade fine particulate matter, and they are very resistant. To best exploit the potential of moss walls, Ed. Züblin AG, Helix Pflanzen GmbH and DITF-German Institutes of Textile and Fiber Research Denkendorf have joined forces in the MoosTex research project.

Injunction filed against Pedemontana in Italy

In 2012, a consortium led by Austria's STRABAG AG had been awarded the contract to build the North Milan Bypass as well as a connection between the city of Bergamo with Milan's Malpensa Airport as part of the Pedemontana motorway project in northern Italy. After the client invoked – unjustly, from the consortium's point of view – a guarantee, which was issued by an insurance company, the STRABAG consortium on 14 March 2018 successfully filed a request with the competent court in Milan to issue an injunction against this recourse. From a present-day perspective, the Management Board of STRABAG SE does not believe that the Pedemontana project represents a material earnings risk.

STRABAG building LEED-certified office tower in central Bucharest

STRABAG, through its Romanian subsidiary, has been awarded the contract to build a 110 m tall office tower in central Bucharest. The contract has a value of about € 39 million. Completion is scheduled for October 2019. Thanks to the use of innovative construction materials, the office building should receive the highest level of LEED certification, LEED Platinum, when it is completed.

Tunnelling contract for North Yorkshire Polyhalite Project of Sirius Minerals

Sirius Minerals Plc. has hired STRABAG to build an approx. 13 km tunnel section for the underground transport system of the Woodsmith Mine near Whitby, England. The design-and-build contract was signed on 28 March 2018. The Woodsmith Mine will begin extraction of the world's largest deposit of polyhalite, a mineral used in the production of fertilizer, in 2021. The section to be built by STRABAG is part of a 37 km tunnel with a diameter of 4.7 m for an environmentally friendly conveyor system to transport the mined polyhalite to Wilton for processing.

APRIL

Successful contract conclusion between STRABAG and ISS

Effective 1 July 2019, the facility management services for Deutsche Telekom AG and its subsidiaries in Germany will no longer be provided by the companies of the STRABAG Group but by ISS. At the end of last year, STRABAG and ISS began negotiations on ways to continue to employ the more than 3,000 employees of STRABAG Property and Facility Services GmbH (STRABAG PFS) and STRABAG Facility Services GmbH (STRABAG FS) who are currently working on the Deutsche Telekom account. Following constructive negotiations, an agreement was concluded on 10 April 2018. The employees affected by the change will receive an offer from ISS to continue their employment after 1 July 2019.

STRABAG SE: Management board appointed for the period 2019 to 2022

The Supervisory Board of STRABAG SE has passed the resolutions regarding the appointment of the Management Board for the period from 2019 to 2022. The focus was on continuity: Dr. Thomas Birtel, a member of the Management Board since January 2006 and CEO since June 2013, was confirmed in his office. Also re-appointed were his colleagues, CFO Mag. Christian Harder as well as Dr. Peter Krammer and Dipl.-Ing. Siegfried Wanker. A new appointment resulted from the request of Mag. Hannes Truntschnig to retire after 23 years on the Management Board of STRABAG SE and its predecessor companies. Dipl.-Ing. (FH) Alfred Watzl was appointed as his successor to complete the five-member board effective 1 January 2019.

MAY

STRABAG takes on another section of Alto Maipo hydropower project in Chile – order plus of € 800 million

After the refinancing that was successfully concluded on 8 May 2018, STRABAG has taken on another construction section for the Alto Maipo hydropower complex in Chile. The new addition to the order books resulted in a plus of about € 800 million for STRABAG for a total contract value of approx. € 1.5 billion. In November 2012, STRABAG announced it had been awarded the contract to build a part of the Alto Maipo hydropower complex 50 km southeast of Santiago. Difficult technical conditions and the withdrawal of a contractor led the client to conclude a new construction agreement with STRABAG S.p.A. of Chile on 19 February 2018. The agreement had been pending the bank financing and therefore became effective on 8 May 2018. With this construction contract, STRABAG S.p.A. is taking on another construction section, the Yeso/Volcán System, that had previously been the responsibility of the client or of third parties. The new total contract price is a lump sum that covers both the work that has already been rendered as well as all future work to be provided by STRABAG S.p.A. on the basis of the construction agreement.

ZÜBLIN to erect building complex in Copenhagen's Carlsberg quarter

Carlsberg Byen P/S has commissioned ZÜBLIN with the construction of two new buildings in Copenhagen's Carlsberg quarter. ZÜBLIN A/S will complete an 80 m high-rise as well as an adjoining building with five aboveground floors in the Danish capital by the year 2021. The project foresees the creation of apartments, offices, shops, cafés, restaurants and an underground car park for 200 cars and 1,000 bicycles on a total space of about 40,000 m².

JUNE

STRABAG reports new searches of its offices

Searches were conducted in June at five offices of the construction company STRABAG. The searches were in connection with those that had been conducted at several Austrian construction companies in May 2017. According to the public prosecutor's office, the investigation centres on the suspicion of illegal price fixing. The focus is on projects from the years 2006 to 2015 in multiple regions of Austria, mostly in the field of transportation infrastructures, involving several Austrian construction companies. STRABAG is committed to quickly clearing up the allegations made by the authorities. The company is cooperating fully with the authorities in the investigation, and appropriate consequences will be taken in the event that fault is proven. The STRABAG Group has a comprehensive business compliance system in place that applies to its employees at all group companies. Its Code of Conduct commits all employees to correct and compliant conduct above and beyond the legal requirements. Price fixing is expressly prohibited.

Züblin Scandinavia AB building FSE309 Lovö Interchange near Stockholm

Züblin Scandinavia AB has been awarded the contract by the Swedish Transport Administration (Trafikverket) to build FSE309 Lovö Interchange, a part of the Stockholm Bypass road project. The interchange is situated in a nature reserve with a sensitive historico-cultural background. The project, which has a contract value of SEK 505 million (approx. € 49 million), comprises the construction of a new four-lane road with interchanges, pedestrian and cycle paths, rock tunnels, a service tunnel, concrete troughs, etc.

ZÜBLIN building “Project House for Future Technologies”

IN-Campus GmbH, a joint venture of the city of Ingolstadt and AUDI AG, has hired Ed. Züblin AG to build the turnkey “Project House for Future Technologies”. The project is part of the new “IN-Campus” being developed on the former site of the Bayernoil refinery, an area in the east of Ingolstadt measuring about 100 soccer fields. ZÜBLIN as general contractor will be building four symmetrically arranged building modules in a U shape on the site. The design calls for approx. 47,300 m² to be developed as a hybrid building with office and workshop space including a conference area and bistro/restaurant spaces. The new structures will have up to seven stories and provide space for teams of Audi employees and other companies to develop new technologies. The contract value is in the double-digit million-euro range.

BPD Europe awards large project in Amsterdam to ZÜBLIN

ZÜBLIN is building a new commercial and residential building in the heart of Amsterdam with eleven aboveground floors and two underground levels. The project, called ODE, is named after the Oosterdokseiland neighbourhood of Amsterdam where it is being built. ZÜBLIN Nederland B.V. is realising ODE as general contractor on behalf of the Dutch project development company OOA C.V., a subsidiary of BPD Europe. The tenant, Booking.com B.V., will open its new European headquarters at ODE and will occupy all of the office space. When it is completed in March 2021, ODE will have about 102,000 m² of space, including the Booking.com offices (approx. 65,000 m²) as well as 42 exclusive owner-occupied apartments (total of about 7,000 m²), 30,000 m² of parking on two underground levels, a café, a restaurant and 1,500 m² of retail space.

ZÜBLIN awarded contract for A44 motorway section at Boyneburg tunnel

DEGES (Deutsche Einheit Fernstraßenplanungs- und -bau GmbH) has awarded ZÜBLIN the contract for the approximately 6 km long third section of the A44 motorway between Kassel and Herleshausen. The A44 motorway is part of German Unity Transport Project No. 15 and is intended to close the gap in the federal motorway network between the A7 at Kassel and the A4 at Wommen. The contract value for this section amounts to approx. € 183 million. The section starts east of the town of Wehretal-Oetmannshausen and extends southwards to the Sontra-West junction. The project’s centrepiece is the 1.7 km long Boyneburg tunnel which consists of two two-lane tunnel tubes.

JULY

STRABAG to realise Triiiple building construction project in Vienna: three 100 m residential towers

STRABAG was hired by SORAVIA and ARE DEVELOPMENT to build three residential towers in Vienna as part of the Triiiple building construction project for a contract value of € 110 million. The three 100 m towers near the city centre will house 480 owner-occupied flats in Towers 1 and 2 as well as 670 micro-apartments in Tower 3. Construction works are scheduled to be completed by summer 2021.

EFKON enters Norwegian toll collection market

EFKON, the STRABAG subsidiary specialising in toll collection systems, will provide Norway's two largest cities, Oslo and Bergen, with new toll collection solutions. EFKON has already implemented projects in countries such as Austria, Belgium, Germany and Ireland and is also active outside Europe in Malaysia, South Africa and India. These two projects have now paved the way for EFKON to enter the Norwegian market. A total of 100 toll collection stations will be constructed for the Norwegian Public Roads Administration (NPRA). The contract value amounts to approx. € 11 million (about NOK 100 million) and includes maintenance services for a period of eight years, which may be extended to a maximum of 17 years.

AUGUST

STRABAG awarded contract for section of A1 in Poland

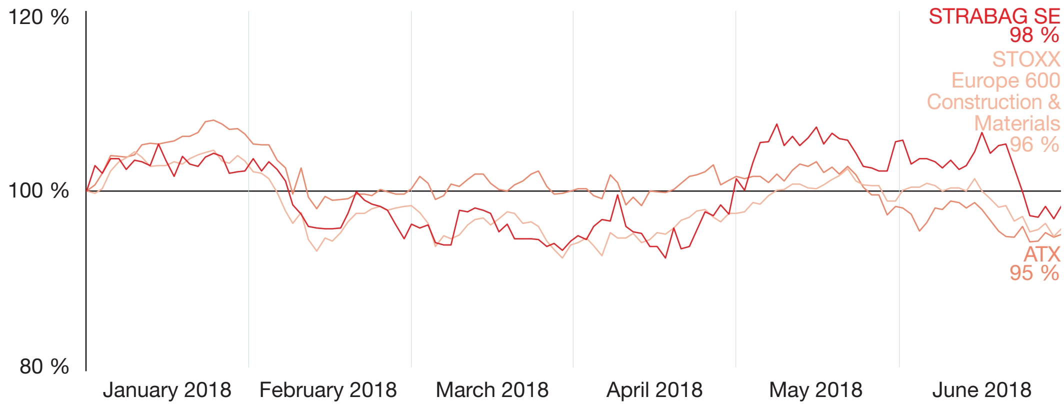
The Polish subsidiary of STRABAG will be part of a syndicate to build a 16 km section of the A1 highway between Tuszyn and Bełchatów. The Polish General Directorate for National Roads and Highways (GDDKiA) has awarded a design-and-build contract to the syndicate, which means that the construction companies will be responsible for both planning and the subsequent execution of the plans. The contract value amounts to approx. € 111 million, STRABAG's share accounting for 50 % thereof. The entire section will be constructed using concrete with two lanes going in each direction. The contract also covers two junctions, 17 bridges, several intersections and access roads, noise barriers and wildlife crossings.

STRABAG consortium awarded large contract for the Oldenburg–Wilhelmshaven rail upgrade line

A consortium consisting of STRABAG AG, Ed. Züblin AG and STRABAG Rail GmbH has been hired by Deutsche Bahn AG to upgrade a 5.7 km railway line within the municipal limits of Sande in the district of Friesland, Lower Saxony. The contract is part of the Oldenburg–Wilhelmshaven rail upgrade line. The construction measures will improve the Wilhelmshaven container terminal's link to the national railway network and adapt the railway line to the rising volume of cargo traffic. The new track section will bypass Sande to the east of the municipality and comprises a 4 km long double-track new line as well as the addition of a second track to an existing 1.7 km section. The tracks within the municipality itself will be dismantled. The contract has a value of about € 115 million. The construction works are scheduled to last 3.5 years.

SHARE

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



In contrast to the unusually steady upwards trend of share prices in 2017, the stock markets underwent a sideways movement in the first six months of 2018. The STRABAG SE share reached its highest value of the year to date with € 36.55 on 7 May 2018 before closing the first half of the year with a slight minus of 2 % at € 33.50. STRABAG SE thus outperformed the construction industry index STOXX Europe 600 Construction & Materials, which was down 4 % versus 31 December 2017, as well as the Austrian blue chip index ATX, which lost 5 % in the first six months of 2018.

Market observers believe the downwards movement of the ATX to be related to the increased risk of international trade restrictions, which would adversely affect a strongly export-oriented country like Austria. Despite a recent levelling-off of the trade volume, however, it was possible to maintain the overall high trade volume on the Vienna Stock Exchange in the first half of the year. This confirms the continued interest among international market participants in Austrian shares.

STRABAG SE's shares are currently under observation by eight international banks. The analysts calculated an average share price target of € 40.00. Detailed analyses and recommendations are available on the STRABAG SE website: www.strabag.com > Investor Relations > Share > Equity Research

STRABAG SE SHARE

	6M/2018
Market capitalisation on 29 June 2018 (€ million)	3,437.10
Closing price on 29 June 2018 (€)	33.50
Year's maximum on 7 May 2018 (€)	36.55
Year's minimum on 16 April 2018 (€)	31.50
Performance six months 2018 (%)	-2
Outstanding bearer shares on 30 June 2018 (absolute) (shares)	102,599,997
Outstanding bearer shares six months 2018 (weighted) (shares)	102,599,997
Weight in WBI on 30 June 2018 (%)	3.07
Volume traded six months 2018 (€ million)[1]	96.33
Average trade volume per day (shares)[1]	22,992
Share of total volume traded on Vienna Stock Exchange (%)	0.27

1 double count

MANAGEMENT REPORT JANUARY–JUNE 2018

Output volume and revenue

STRABAG SE generated an output volume of € 6,875.39 million in the first half of the 2018 financial year. This upwards growth of 10 % was driven especially by the German building construction and civil engineering business as well as by the markets Austria and Poland. The consolidated group revenue grew by 12 %. This resulted in a slight increase of the ratio of revenue to output volume from 90 % to 92 %.

Order backlog

After topping the € 17 billion mark for the first time in company history as per 31 March 2018, the order backlog reached another record high of € 18.9 billion on 30 June 2018. This corresponds to a plus of 15 % year on year. Contributing to this development once again were numerous large orders in the group's largest markets, above all in Hungary, Germany and Poland. A significant development in the second quarter of 2018 was the contract extension for the Alto Maipo tunnelling project in Chile with a value in the triple-digit million-euro range.

Financial performance

The limited capacity for construction in winter results in significant seasonal effects on the development of earnings and other financial figures of STRABAG SE. The first half of the year typically has a negative effect on results, which is then overcompensated by results in the second half of the year. As a result of the seasonal effects, a quarterly comparison makes little sense.

The earnings before interest, taxes, depreciation and amortisation (EBITDA) increased in the first six months of 2018 by 33 % to € 200.38 million. The depreciation and amortisation were down by 2 % so that the earnings before interest and taxes (EBIT) came to rest at € 20.03 million – no longer in negative territory as is otherwise usual after six months. The second quarter also revealed growth in both EBITDA (24 %) and EBIT (44 %).

The net interest income amounted to € -7.44 million. In the first six months of the previous year, this figure had still amounted to € -28.74 million as a result of negative internal exchange rate differences. The earnings before taxes (EBT) also avoided a seasonally usual loss this year, reaching € 12.59 million compared to € -61.33 million in the first half of last year. As a result, the income tax moved into negative territory at € -9.72 million. This left a net income of € 2.87 million.

Earnings attributable to third-party shareholders amounted to € 3.43 million. Last year, they still had to bear a loss of € -1.15 million. Overall, the net income after minorities amounted to € -0.56 million, compared to € -52.79 million in the same period the year before. With 102,600,000 outstanding shares, this corresponds to earnings per share of € -0.01 (6M/2017: € -0.51).

Financial position and cash flows

The balance sheet total fell back below € 11 billion from 31 December 2017 to € 10,792.78 million. This figure was influenced by the higher trade receivables, which increased especially as a result of the reclassification of real estate project developments as required by the first-time adoption of IFRS 15. The cash and cash equivalents decreased as is seasonally usual. The non-current financial liabilities decreased due to the planned repayment of a bond within one year's time. Despite the typical winter losses, the equity ratio remained high at 30 %; this figure had stood at about 31 % at the end of 2017. The net cash position decreased, as is seasonally usual, from € 1,335.04 million at 31 December 2017 to € 711.71 million (30 June 2017: € 95.27 million).

The cash flow from operating activities grew by 27 % to € -147.30 million in view of the higher cash flow from earnings and a working capital increase comparable to that of the previous year. The cash flow from investing activities stood at € -276.95 million, 91 % more negative on the year due in part to a higher level of investments in property, plant and equipment. The repayment of a bond, the acquisition of the minority shares of the now delisted German subsidiary STRABAG AG, and the dividend payment that hadn't been carried out until the third quarter last year influenced the cash flow from financing activities, which reached a value of € -362.85 million after € -18.83 million in the first half last year.

Capital expenditures

A large portion of the necessary maintenance expenditures is invested in the core markets of Germany, Austria, Poland and Hungary. With the exception of Germany, a higher need for additional investments can also be seen in these high-performing markets. In Austria, for example, work is underway at modernising some of the branch locations. Moreover, the construction materials network is being expanded and large equipment is being procured for use in international tunnelling projects. The capital expenditures included € 289.10 million (2017: € 219.16 million) for the purchase of property, plant and equipment and intangible assets, and € 12.73 million (2017: € 35.84 million) for the purchase of financial assets. The changes to the scope of consolidation registered an outflow of € 0.77 million (2017: inflow of € 17.94 million).

Employees

The number of employees grew by 2 % to 73,394. Growth was registered especially in the Americas as well as in Poland, Austria and Hungary due to a higher output volume and order backlog in these regions.

Major transactions, risks and strategy

During the first six months of the financial year, there were no transactions with related parties which significantly influenced the financial situation or the business result nor were there any changes to transactions with related parties which were presented in the annual financial statements of 31 December 2017 and which significantly influenced the financial situation or business result of the first six months of the current financial year.

In the course of its entrepreneurial activities, the STRABAG Group is exposed to a number of risks, which can be identified and assessed using an active risk management system and dealt with by applying an appropriate risk policy. Among the most important risks are external risks such as cyclical fluctuations in the construction industry, operating and technical risks in the selection and execution of projects, IT risks, investment risks as well as financial, personnel, legal and political risks.

The risks are explained in more detail in the 2017 management report. A review of the current risk situation revealed that in the reporting period there existed no risks which threatened the existence of the company and that for the future no risks are recognisable which constitute a threat to its continued existence.

In the first half of 2018, there were no significant changes to the group strategy as detailed in the 2017 Annual Report.

Outlook

The record order backlog leads us to expect another positive development of the output volume for the 2018 financial year. The Management Board of STRABAG SE now expects an increase to at least € 15.0 billion (≥3 %). Growth should be seen in all three operating segments – North + West, South + East and International + Special Divisions. Moreover, STRABAG is working towards again achieving an EBIT margin of at least 3 %.

Demand is expected to at least remain stable or to grow slightly in nearly all of the group's markets. This is also true for the group's three largest markets, Germany, Austria and Poland, which are already at a high level. Declines of the output volume are expected individually in those markets in which large projects were completed in 2017 and where the group is not active nationwide. The earnings forecast is based on the expectation that the Property & Facility Services entities, the Real Estate Development and the Infrastructure Development continue to contribute positively to the earnings and that large risks do not manifest at the same time.

The net capital expenditures (cash flow from investing activities) in 2018 should significantly surpass the previous year's value of € 333.30 million.

SEGMENT REPORT

North + West

€ mln.	Q2/2018	Q2/2017	Δ %	Δ absolute	6M/2018	6M/2017	Δ %	Δ absolute
Output volume	2,021.03	1,695.51	19	325.52	3,258.76	2,782.83	17	475.93
Revenue	1,857.67	1,585.81	17	271.86	2,970.35	2,607.53	14	362.82
Order backlog					9,403.15	8,241.62	14	1,161.53
EBIT	60.04	17.68	240	42.36	-22.59	-62.68	64	40.09
EBIT margin (% of revenue)	3.2	1.1			-0.8	-2.4		
EBT	60.04	17.68	240	42.36	-22.59	-62.68	64	40.09
Employees					23,497	22,772	3	725

In the segment North + West, the **output volume** increased by 17 % year on year in the first half of 2018. This can be attributed to the high order backlog in Germany at the end of 2017 and the relatively good weather in that country at the beginning of the year. The winter months saw very little slowdown especially in building construction in Germany. The relatively low growth of the output volume in Poland, in comparison to Germany, was evened out by the decrease in Denmark.

The **revenue** increased by 14 %, and the **EBIT** improved by 64 % to € -22.59 million in the first half of 2018. The second quarter, in particular, reflected the good economic activity in the German transportation infrastructures segment.

The **order backlog** showed a plus of 14 % over the level of 30 June 2017, which corresponds to over € 1 billion in absolute figures. Contributing to this growth were increases in Germany, Poland and, to a slightly lesser degree, the Benelux countries. New orders acquired in the first half of the year in Germany included the projects “Sonnenhöfe im Sternenviertel” near the new Berlin Brandenburg Airport; the INC Project House for Autonomous Driving in Ingolstadt; SKAIO, the first timber high-rise in the country; and the construction of another office building for existing client trivago. In Poland, STRABAG was awarded the contracts for two further sections of the S7 expressway north of Warsaw and, at the end of 2017, for the first Mercedes-Benz engine plant in the country. New orders also came from northern Europe and Scandinavia, for example, two buildings in Copenhagen’s Carlsberg quarter, Denmark; the FSE309 Lovö Interchange in Stockholm, Sweden; and the business and residential building ODE in Amsterdam, Netherlands, with tenants including Booking.com B.V., among others.

The **number of employees** grew significantly less than the output volume, gaining just 3 %, among other things because the capacity situation made it necessary to award more services to subcontractors than in the past. Here, too, the greatest growth was in Germany and Poland while staff levels fell in Denmark.

Regarding the **outlook**, the segment North + West is expected to surpass last year’s record output volume in the 2018 financial year. The **German building construction and civil engineering business** should continue to contribute positively to both output volume and earnings. The ongoing tense situation on the subcontractor and supplier market is being countered by binding these parties at an early stage before the contract with the client is concluded.

The **transportation infrastructures business in Germany** registered an excellent first half of 2018. The economic environment is characterised by sustained low interest rates, high tax revenues and a years-long investment backlog in public infrastructure. It is expected that the high output volume posted last year can be maintained, especially as a large portion of the planned output has already been acquired and the order backlog is at a historic high. Labour and limited subcontractor capacities remain restrictive factors for an expansion of the business.

In contrast, the situation on the market in **Poland** is becoming bleaker. The industry is experiencing a shortage of qualified staff, of construction material and of capacities in general to attend to the enormous demand. This had led to price increases last year in the double-digit percent range for labour costs, construction materials and subcontractor fees. At the same time, tenders are being withdrawn more frequently before award due to budget overruns. The order backlog is at a very high level, and so has already secured the output volume for the ongoing financial year, which enables a greater selection of the projects for which bids are to be made. The output volume is expected to exhibit strong growth so that earnings should continue to be generated at an attractive level.

South + East

€ mln.	Q2/2018	Q2/2017	Δ %	Δ absolute	6M/2018	6M/2017	Δ %	Δ absolute
Output volume	1,272.06	1,168.49	9	103.57	1,916.41	1,810.36	6	106.05
Revenue	1,220.01	1,099.45	11	120.56	1,823.84	1,729.58	5	94.26
Order backlog					4,916.60	4,148.37	19	768.23
EBIT	49.00	62.05	-21	-13.05	-4.15	37.73	n. m.	-41.88
EBIT margin (% of revenue)	4.0	5.6			-0.2	2.2		
EBT	49.00	62.05	-21	-13.05	-4.15	37.73	n. m.	-41.88
Employees					17,791	17,056	4	735

The **output volume** in the segment South + East grew to € 1,916.41 million in the first six months of 2018, a year-on-year plus of 6 %. Growth was registered above all in the home market of Austria as well as in Croatia and in Hungary.

The **revenue** grew by 5 %. In contrast to the first half of the previous year, the **EBIT**, at € -4.15 million, has not yet entered the profit zone. Competition – above all for human resources and subcontractor services – intensified in the markets of Central and Eastern Europe as well, so that the margins, starting from an unusually strong level, approach the group average.

The **order backlog** registered a significant upwards jump of 19 % over the level of 30 June 2017, growing to € 4,916.60 million. This development is attributable above all to transportation infrastructure projects in Hungary. The trend in the other markets of this segment was more inconsistent.

The **number of employees** grew in line with the output volume and the order backlog, gaining 4 % to 17,791 people. Particularly worth mentioning is the growth in Austria, Serbia, Hungary and Croatia.

Regarding the **outlook** of the segment, the output volume is expected to continue to grow with attractive margins in the 2018 financial year. The combination of high demand and lack of skilled labour has led to increasing costs in most of the markets.

The situation on the home market of **Austria** remains positive. New large building construction projects in the cities are continually restocking the order backlog as similar projects reach completion.

In the **Czech Republic** and **Slovakia**, the margins have been falling for several years. The construction climate is getting tenser, as has been expected. In Slovakia, tenders are mostly for transportation projects with EU financing, including several railway projects. In the Czech Republic, the focus is on building construction for the automobile industry as well as commercial centres and office buildings for industrial clients.

In **Hungary**, the greatest challenge in the coming months and years will be to work off the high order backlog. The entire Hungarian construction industry is currently in an unusually active phase.

The markets of **South-East Europe** are developing quite differently and are inconspicuous overall. Competition remains strong in several countries. Political risks are again on the rise in individual countries of the region.

The **environmental technology** sector is developing positively. The business in **Switzerland** is going as expected. Demand is stagnating at a high level, yet the competition among the market participants is usually carried out over the price.

In **Russia**, the state budget situation is easing in response to the increased price of oil. The policy focus is on reducing the negative impact from the sanctions. The construction industry has probably passed through the lowest point. Given the fact that the market volume remains high, STRABAG continues to bid mainly for large residential projects in Moscow and increasingly also in Saint Petersburg. In the field of industrial construction, meanwhile, the number of investment projects is again on the rise.

International + Special Divisions

€ mln.	Q2/2018	Q2/2017	Δ %	Δ absolute	6M/2018	6M/2017	Δ %	Δ absolute
Output volume	958.42	927.72	3	30.70	1,653.01	1,589.26	4	63.75
Revenue	868.88	747.27	16	121.61	1,503.36	1,301.70	15	201.66
Order backlog					4,551.53	4,079.00	12	472.53
EBIT	52.47	31.82	65	20.65	51.96	-6.50	n. m.	58.46
EBIT margin (% of revenue)	6.0	4.3			3.5	-0.5		
EBT	52.47	31.82	65	20.65	51.96	-6.50	n. m.	58.46
Employees					25,949	25,887	0	62

The segment International + Special Divisions closed the first half of 2018 with a year-on-year plus of 4 % in **output volume**, attributable especially to the work on large projects in the Americas.

With a plus of 15 %, the **revenue** grew significantly more strongly than the output volume. This development is attributable to the sales of real estate project developments and to the changed presentation of such projects applicable as of this year under IFRS 15. The **EBIT** has already entered positive territory with € 51.96 million compared to € -6.50 million for the first six months last year. Here, too, these sales had a positive impact – as did, among other things, the fact that earnings were no longer burdened by large international construction projects as they had been the year before.

The **order backlog** increased by 12 %. This development is due in part to the extension of the contract for the Alto Maipo project in Chile. But new large contracts in Asia, among other places, as well as the commitment to build an approximately 13 km tunnel section for the underground conveyor system at the Woodsmith Mine in the United Kingdom, also added considerably to the volume of orders on the books.

The **number of employees** remained relatively stable at 25,949 people. The increase in the Americas balanced out a decrease in Germany.

Regarding the **outlook** of the segment, it should be possible in the 2018 financial year to achieve an output volume in the segment International + Special Divisions at a comparable level to that of 2017 and to generate stable earnings now that the Alto Maipo project in Chile no longer has a negative effect. Difficult technical conditions at this hydropower project and the withdrawal of a contractor had led the client to conclude a new construction agreement with STRABAG S.p.A. of Chile on 19 February 2018. The agreement had been pending the bank financing and became effective on 8 May 2018. With the contract, STRABAG took on another construction section of this large project, adding approximately € 800 million to the order volume for a total order backlog of about € 1.5 billion.

The **real estate development** business should continue to make very positive earnings contributions, as the ongoing low interest rates and the continuously high demand for commercial and residential real estate are responsible for a generally good framework for this business field. Against the backdrop of rising property prices and, above all, significantly higher construction costs, it is becoming increasingly more difficult to initiate new project developments with a long-term profit given the circumstance that real estate prices currently remain largely stable and are growing – if at all – only slightly and in specific sectors. STRABAG's acquisition focus in Germany is therefore on locations outside of the major cities and on the recently established field of development services, where project developments are performed other than for own account, as well as on new geographic markets such as Romania, Poland, Hungary, Czech Republic and Slovakia. The countries of Central and Eastern Europe offer above-average growth rates and an increasing level of prosperity – but also an increasing lack of skilled labour with a corresponding rise in wage costs. The already available property reserves, however, form the foundation for new project developments. In Austria, the group continues to offer the entire range of residential construction from subsidised to affordable to privately financed housing as well as related uses – such as student housing – and commercial project developments.

Although the market for concession projects remains a difficult one, the income from existing public-private partnerships (PPP) should also help the **infrastructure development** business to another significant earnings contribution. With the exception of a few lighthouse projects in Germany, Poland and the Czech Republic, however, no PPP tenders are expected in the field of road construction in the group's core countries at this time. For this reason, the company is also focusing on selected markets in Latin America and southwest Africa.

The **international business** – i.e. the business that STRABAG conducts in countries outside of Europe – has for several years been focused on this part of Africa, where larger investments in the fields of infrastructure, energy and water are expected. In the Middle East, traditionally a very important market for the group, the relatively low price of oil had brought the construction markets to a standstill. Although the forecasts predict a further recovery of the oil price, the general environment is unlikely to improve in the short term as local construction companies often place their bids below cost recovery. Because the competition in the aforementioned regions remains intense, the group is only pursuing projects here in which it can contribute its know-how and its technical expertise in a way to generate value. This includes specialities such as test track construction. The focus in new markets is on projects in the infrastructure sector that are financed by international organisations and have a clear contract structure.

In **tunnelling**, on the other hand, new markets are not a focus at this time. Besides its core European markets, the group is also especially active in tunnelling in Canada, Chile and Singapore at technically very challenging projects. While the harsh competition on the home markets of Germany and Austria is unlikely to improve even in the medium term, opportunities are expected especially in the United Kingdom, in Canada, and in the mining sector in Chile. In the field of **electrotechnical tunnel equipment**, competition is expected to become more intense in Austria. Potential contracts are to be found among large projects in northern Europe.

In the field of **property & facility services**, the signing of a contract with the service provider ISS has eliminated a factor that had been the cause of some uncertainty. As reported, effective 1 July 2019 the facility management services for Deutsche Telekom AG and its subsidiaries in Germany will no longer be provided by the companies of the STRABAG Group but by ISS. At the end of last year, STRABAG and ISS began negotiations on ways to continue to employ the more than 3,000 employees of STRABAG Property and Facility Services GmbH (STRABAG PFS) and STRABAG Facility Services GmbH (STRABAG FS) who are currently working on the Deutsche Telekom account. On 10 April 2018, an asset purchase agreement was concluded. The employees affected by the change will receive an offer from ISS to continue their employment after 1 July 2019. The agreement will enable a socially acceptable transfer of the employees. In light of the continued stable order situation at Deutsche Telekom and the volume of new orders, the earnings development in property & facility services is expected to remain at an attractive level. STRABAG PFS further diversified its client portfolio in the first six months of the ongoing financial year and has more than doubled the volume of new orders year on year. The new acquisitions include companies like Deutsche Bahn, Esprit, Hahn Gruppe, Immofinanz, Nordex and Orsay.

The **construction materials business** has shown some inconsistent performance. Ongoing or planned projects in Poland, Hungary, Croatia and the Czech Republic led to a positive trend, while the sluggish construction start in Austria at the beginning of the year and the intense competition in Slovakia have had a negative effect on the margins.

Others

€ mln.	Q2/2018	Q2/2017	Δ %	Δ absolute	6M/2018	6M/2017	Δ %	Δ absolute
Output volume	24.11	35.88	-33	-11.77	47.21	71.94	-34	-24.73
Revenue	5.24	7.67	-32	-2.43	9.80	12.88	-24	-3.08
Order backlog					2.96	3.89	-24	-0.93
EBIT	1.01	0.76	33	0.25	0.59	-0.04	n. m.	0.63
EBIT margin (% of revenue)	19.3	9.9			6.0	-0.3		
EBT	-3.12	-13.66	77	10.54	-6.85	-28.78	76	21.93
Employees					6,157	5,947	4	210

CONSOLIDATED SEMI-ANNUAL FINANCIAL STATEMENTS STRABAG SE, VILLACH AS AT 30 JUNE 2018

STRABAG
SOCIETAS EUROPAEA

CONSOLIDATED SEMI-ANNUAL FINANCIAL STATEMENTS STRABAG SE, VILLACH, AS AT 30 JUNE 2018

Consolidated income statement for 1.1.–30.6.2018

T€	1.4.–30.6.2018	1.4.–30.6.2017	1.1.–30.6.2018	1.1.–30.6.2017
Revenue	3,951,808	3,440,200	6,307,354	5,651,685
Changes in inventories	-13,622	68,510	-14,159	73,864
Own work capitalised	8,453	173	15,064	662
Other operating income	29,013	58,130	75,474	108,907
Construction materials, consumables and services used	-2,620,053	-2,355,531	-4,179,499	-3,806,283
Employee benefits expenses	-935,849	-865,146	-1,699,651	-1,618,070
Other operating expenses	-172,444	-181,711	-320,637	-313,381
Share of profit or loss of equity-accounted investments	-7,409	23,064	5,159	36,583
Net income from investments	10,332	14,249	11,273	17,264
EBITDA	**250,229**	**201,938**	**200,378**	**151,231**
Depreciation and amortisation expense	-91,294	-91,444	-180,348	-183,824
EBIT	**158,935**	**110,494**	**20,030**	**-32,593**
Interest and similar income[1]	15,472	7,706	25,111	24,297
Interest expense and similar charges[1]	-19,612	-22,125	-32,552	-53,038
Net interest income[1]	**-4,140**	**-14,419**	**-7,441**	**-28,741**
EBT[1]	**154,795**	**96,075**	**12,589**	**-61,334**
Income tax expense	-36,676	-29,231	-9,716	7,387
Net income[1]	**118,119**	**66,844**	**2,873**	**-53,947**
Attributable to: non-controlling interests[1]	2,003	2,238	3,435	-1,152
Attributable to: equity holders of the parent company[1]	116,116	64,606	-562	-52,795
Earnings per share (€)[1]	**1.13**	**0.63**	**-0.01**	**-0.51**

Statement of total comprehensive income for 1.1.–30.6.2018

T€	1.4.–30.6.2018	1.4.–30.6.2017	1.1.–30.6.2018	1.1.–30.6.2017
Net income[1]	**118,119**	**66,844**	**2,873**	**-53,947**
Differences arising from currency translation[1]	-7,131	-1,070	-10,114	7,637
Recycling of differences arising from currency translation	0	44	0	44
Change of interest rate swaps	1,234	3,974	-2,158	2,252
Recycling of interest rate swaps	4,673	5,101	9,314	10,164
Deferred taxes on neutral change in equity	-532	-883	-658	-1,331
Other income from equity-accounted investments	-2,761	795	-3,287	891
Total of items which are later recognised ("recycled") in the income statement[1]	*-4,517*	*7,961*	*-6,903*	*19,657*
Other income from equity-accounted investments	0	0	0	143
Total of items which are not later recognised ("recycled") in the income statement	*0*	*0*	*0*	*143*
Other income[1]	**-4,517**	**7,961**	**-6,903**	**19,800**
Total comprehensive income	**113,602**	**74,805**	**-4,030**	**-34,147**
Attributable to: non-controlling interests	1,951	2,534	3,414	-94
Attributable to: equity holders of the parent company	111,651	72,271	-7,444	-34,053

1 Adjustment of comparative values 2017 due to the presentation of net investments in foreign operational entities acc. IAS 21.32

Consolidated balance sheet as at 30 June 2018

T€	30.6.2018	31.12.2017
Intangible assets	493,785	498,827
Property, plant and equipment	2,022,551	1,936,032
Investment property	6,135	6,244
Equity-accounted investments	351,653	350,013
Other investments	195,220	182,698
Receivables from concession arrangements	644,457	662,311
Other financial assets	265,234	270,648
Deferred taxes	184,918	188,968
Non-current assets	**4,163,953**	**4,095,741**
Inventories	806,665	1,137,805
Receivables from concession arrangements	34,876	33,724
Trade receivables	3,351,004	2,532,919
Non-financial assets	71,340	82,839
Income tax receivables	72,882	63,879
Other financial assets	314,639	316,769
Cash and cash equivalents	1,977,419	2,790,447
Current assets	**6,628,825**	**6,958,382**
Assets	**10,792,778**	**11,054,123**
Share capital	110,000	110,000
Capital reserves	2,315,384	2,315,384
Retained earnings and other reserves	834,509	945,089
Non-controlling interests	30,574	27,246
Group equity	**3,290,467**	**3,397,719**
Provisions	1,140,898	1,160,536
Financial liabilities[1]	737,111	882,879
Other financial liabilities	76,991	77,716
Deferred taxes	24,769	24,230
Non-current liabilities	**1,979,769**	**2,145,361**
Provisions	704,531	747,318
Financial liabilities[2]	351,245	411,098
Trade payables	3,613,695	3,402,367
Non-financial liabilities	393,533	458,572
Income tax liabilities	78,069	78,424
Other financial liabilities	381,469	413,264
Current liabilities	**5,522,542**	**5,511,043**
Equity and liabilities	**10,792,778**	**11,054,123**

1 Thereof T€ 309,282 concerning non-recourse liabilities from concession arrangements (31 December 2017: T€ 338,728)
2 Thereof T€ 54,523 concerning non-recourse liabilities from concession arrangements (31 December 2017: T€ 51,053)

Consolidated cash flow statement for 1.1.–30.6.2018

T€	1.1.–30.6.2018	1.1.–30.6.2017
Net income[1]	2,873	-53,947
Deferred taxes	-6,571	-32,159
Non-cash effective results from consolidation	2,581	-1,035
Non-cash effective results from equity-accounted investments	-227	17,295
Other non-cash effective results	-4,000	0
Depreciations/write ups	183,686	184,624
Change in long-term provisions	-7,737	-19,104
Gains/losses on disposal of non-current assets	-22,407	-18,560
Cash flow from earnings	*148,198*	*77,114*
Change in inventories	-92,861	-148,740
Change in trade receivables, construction contracts and consortia	-358,688	-300,091
Change in receivables from subsidiaries and receivables from participation companies	26,529	23,522
Change in other assets	-2,317	30,711
Change in trade payables, construction contracts and consortia	233,486	176,446
Change in liabilities from subsidiaries and liabilities from participation companies	5,358	15,666
Change in other liabilities	-70,586	-54,649
Change in current provisions	-36,419	-20,494
Cash flow from operating activities	**-147,300**	**-200,515**
Purchase of financial assets	-12,732	-35,853
Purchase of property, plant, equipment and intangible assets	-289,098	-219,156
Inflows from asset disposals	35,290	45,776
Change in other financing receivables	-9,633	46,648
Change in scope of consolidation	-774	17,937
Cash flow from investing activities	**-276,947**	**-144,648**
Issue of bank borrowings	14,508	49,024
Repayment of bank borrowings	-48,254	-65,430
Repayment of bonds	-175,000	0
Change in liabilities relating to finance lease	3,367	-182
Change in financing liabilities	257	712
Change in non-controlling interests due to acquisition	-77,100	-401
Distribution of dividends	-80,630	-2,549
Cash flow from financing activities	**-362,852**	**-18,826**
Net change in cash and cash equivalents	**-787,099**	**-363,989**
Cash and cash equivalents at the beginning of the period	2,789,687	1,997,574
Change in cash and cash equivalents due to currency translation	-25,929	7,146
Change in restricted cash and cash equivalents	-3,567	485
Cash and cash equivalents at the end of the period	**1,973,092**	**1,641,216**

1 Adjustment of comparative values 1.1.-30.6.2017 due to the presentation of net investments in foreign operational entities acc. IAS 21.32

Statement of changes in equity for 1.1.–30.6.2018

T€	Share capital	Capital reserves	Retained earnings	Hedging reserves	Foreign currency reserves	Group equity	Non-controlling interests	Total equity
Balance as at 31.12.2017	**110,000**	**2,315,384**	**1,073,907**	**-78,797**	**-50,021**	**3,370,473**	**27,246**	**3,397,719**
Adjustments on initial application of IFRS 9 and IFRS 15	0	0	30,244	0	0	30,244	1,348	31,592
Balance as at 1.1.2018	**110,000**	**2,315,384**	**1,104,151**	**-78,797**	**-50,021**	**3,400,717**	**28,594**	**3,429,311**
Net income	0	0	-562	0	0	-562	3,435	2,873
Differences arising from currency translation	0	0	0	0	-10,093	-10,093	-21	-10,114
Changes in equity-accounted investments	0	0	0	381	-3,668	-3,287	0	-3,287
Neutral change of interest rate swaps	0	0	0	7,156	0	7,156	0	7,156
Deferred taxes on neutral change in equity	0	0	0	-658	0	-658	0	-658
Total comprehensive income	**0**	**0**	**-562**	**6,879**	**-13,761**	**-7,444**	**3,414**	**-4,030**
Distribution of dividends[1]	0	0	-133,380	0	0	-133,380	-1,434	-134,814
Balance as at 30.6.2018	**110,000**	**2,315,384**	**970,209**	**-71,918**	**-63,782**	**3,259,893**	**30,574**	**3,290,467**

Statement of changes in equity for 1.1.–30.6.2017

T€	Share capital	Capital reserves	Retained earnings	Hedging reserves	Foreign currency reserves	Group equity	Non-controlling interests	Total equity
Balance as at 1.1.2017	**110,000**	**2,315,384**	**920,899**	**-97,737**	**-62,508**	**3,186,038**	**78,551**	**3,264,589**
Net income[2]	0	0	-52,794	0	0	-52,794	-1,153	-53,947
Differences arising from currency translation[2]	0	0	0	0	6,870	6,870	811	7,681
Changes in equity-accounted investments	0	0	140	-224	1,095	1,011	23	1,034
Neutral change of interest rate swaps	0	0	0	12,169	0	12,169	247	12,416
Deferred taxes on neutral change in equity	0	0	0	-1,309	0	-1,309	-22	-1,331
Total comprehensive income[2]	**0**	**0**	**-52,654**	**10,636**	**7,965**	**-34,053**	**-94**	**-34,147**
Transactions concerning non-controlling interests	0	0	89	0	-126	-37	-364	-401
Distribution of dividends[3]	0	0	-97,470	0	0	-97,470	-2,549	-100,019
Balance as at 30.6.2017[2]	**110,000**	**2,315,384**	**770,864**	**-87,101**	**-54,669**	**3,054,478**	**75,544**	**3,130,022**

1 The total dividend payment of T€ 133,380 corresponds per share of T€ 1.30 based on 102,600,000 shares.
2 Adjustment due to the presentation of net investments in foreign operational entities acc. IAS 21.32
3 The total dividend payment of T€ 97,470 corresponds per share of T€ 0.95 based on 102,600,000 shares.

NOTES TO THE CONSOLIDATED SEMI-ANNUAL FINANCIAL STATEMENTS

Basic principles

The consolidated semi-annual financial statements of STRABAG SE, based in Villach, Austria, with reporting date 30 June 2018, were drawn up under application of IAS 34 in accordance with the International Financial Reporting Standards (IFRS) – issued by the International Accounting Standards Board (IASB) in London and recognised by the European Union – including the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) valid on the reporting date. Applied were exclusively those IASB standards and interpretations adopted by the European Commission before the reporting deadline and published in the Official Journal of the European Union.

In accordance with IAS 34, the consolidated semi-annual financial statements do not contain all the information and details required of annual financial statements. The semi-annual statements should therefore be read in conjunction with the annual financial statements of STRABAG SE, Villach, with reporting date 31 December 2017.

The consolidated financial statements of the Group as at and for the year ended 31 December 2017 are available at www.strabag.com.

Changes in accounting policies

First-time adoption of IFRS 15

On 1 January 2018, STRABAG adopted IFRS 15 Revenue from Contracts with Customers. The **modified retrospective method** was chosen for adoption, in which the cumulative effect of applying IFRS 15 for the first time is recognised in the retained earnings. The comparison period was not adjusted.

With regard to **revenue from contracts with customers** constantly accounting for more than 80 % of the total revenue, revenue recognition continues to be made over time, as the construction projects are built on the customers' properties and the customers thus always control the assets that are created or enhanced.

Construction is performed on the basis of standalone contracts. Transaction prices for construction contracts in the STRABAG SE Group are determined on the basis of the contract value agreed with the customer. The allocation of the transaction price to each performance obligation is made on the basis of the work to be performed. Contractual penalties or bonus payments during the construction period may lead to amendments of the transaction price. Revenue recognition over time is made using the output-oriented method on the basis of the work already performed. The progress of performance and the corresponding revenue are measured at the level of the standalone item according to the work estimate.

There were no systematic changes to the previous presentation from first-time adoption of IFRS 15 with regard to the **measurement of pending losses and the claims approach**. An individual analysis is continued. The first-time adoption of IFRS 15 led to reclassifications of **inventories** already present at the construction sites. These inventories are no longer accounted for in the current assets but are instead attributed to the respective contract and classified as contract assets.

In the **project development** business, the first-time adoption of IFRS 15 results in changes to the point in time when revenue is recognised. IFRS 15.35c requires revenue to be recognised over time if a contractual agreement creates an asset without alternative use and there exists a claim to remuneration including profit on the work performed.

This leads to proportional revenue recognition for real estate projects that have already been sold but have not yet been built.

The recognition of revenue from **property and facility management services, construction material sales and other performances** remains largely unaffected by the first-time adoption of IFRS 15.

The table below presents the impact of first-time adoption of IFRS 15 on the opening balance sheet as at 1 January 2018:

T€	31.12.2017	Adjustments IFRS 15	1.1.2018
Assets			
Equity-accounted investments	350,013	3,399	353,412
Inventories	1,137,805	-365,302	772,503
Trade receivables	2,532,919	397,549	2,930,468
Equity and liabilities			
Retained earnings and other reserves	945,089	29,030	974,119
Deferred taxes	24,230	6,616	30,846

Impact IFRS 15

The table below presents the changes to the balance sheet and the income statement as a result of the adoption of IFRS 15 in comparison to the previously applicable standards IAS 11 and IAS 18:

T€	Semi-Annual Report as at 30 June 2018	Changes	Semi-Annual Report as at 30 June 2018 without adjustments IFRS 15
Revenue	6,307,354	-64,424	6,242,930
Changes in inventories	-14,159	27,791	13,632
Other operating income	75,474	24,444	99,918
Construction materials, consumables and services used	-4,179,499	-3,714	-4,183,213
Share of profit or loss of equity-accounted investments	5,159	-3,526	1,633
EBIT	20,030	-19,429	601
Net interest income	-7,441	3,408	-4,033
EBT	12,589	-16,021	-3,432
Income tax expense	-9,716	3,529	-6,187
Net income	2,873	-12,492	-9,619

T€	Semi-Annual Report as at 30 June 2018	Changes	Semi-Annual Report as at 30 June 2018 without adjustments IFRS 15
Assets			
Equity-accounted investments	351,653	-3,526	348,127
Inventories	806,665	442,016	1,248,681
Trade receivables	3,351,004	-422,600	2,928,404
Equity and liabilities			
Group Equity	3,290,467	-12,492	3,277,975
Trade payables	3,613,695	31,911	3,645,606
Deferred taxes	24,769	-3,529	21,240

There is no impact on the cash flow, there are merely shifts within the positions of the cash flow from operating activities.

First-time adoption of IFRS 9

Also adopted on 1 January 2018 using the **modified retrospective** method was IFRS 9.

IFRS 9 changes the **classification and subsequent measurement of financial assets**. Depending on the business model, a distinction is made between measurement at amortised cost and measurement at fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVPL). When financial instruments are held exclusively for the receipt of interest and principal, the measurement is made at amortised cost. Within the STRABAG SE Group, this essentially applies to the entire receivables and payables segment.

IFRS 9 introduces **new impairment requirements** based on an **expected credit loss** (ECL) model.

Financial assets were measured in accordance with the country risk and the creditworthiness of the respective debtor less the twelve-month ECL.

For trade receivables, the ECL was measured on a collective basis. It should be noted that a large amount is attributed to ongoing construction projects and is not yet due. Because of the broad diversification, the constant advance payments for construction projects, and the public sector as an important client, the general credit risk can be classified as low. A higher ECL was carried for private-sector clients than for public-sector clients.

IFRS 9 requires equity investments of lower than 20 % to be measured at FVPL. Investments in subsidiaries, joint ventures or associated companies that are not included in the consolidated financial statements and which do not fall under the scope of IFRS 9 will continue to be measured at amortised cost.

The table below presents the impact of first-time adoption of IFRS 9 on the opening balance sheet as at 1 January 2018:

T€	31.12.2017	Adjustments IFRS 9	1.1.2018
Assets			
Investments < 20 %	31,906	5,299	37,205
Trade receivables	2,532,919	-2,190	2,530,729
Equity and liabilities			
Retained earnings and other reserves	945,089	2,562	947,651
Deferred taxes	24,230	547	24,777

The reconciliation of the measurement categories and impairment is as follows:

T€	Measurement category according to IFRS 9	Carrying value 1.1.2018	Measurement category according to IAS 39	Carrying value 31.12.2017
Assets				
Investments < 20 %	FVPL	37,205	AfS	31,906
Trade receivables	AC	1,535,131	L&R	1,533,146
Net receivable from construction contract	n. m.	0	L&R	916,945
Receivables from concession arrangements	AC	691,860	L&R	732,459
Other financial assets	AC	519,078	L&R	519,078
Cash and cash equivalents	AC	2,787,367	L&R	2,787,367
Securities	FVPL	26,888	AfS	26,888
Cash and cash equivalents (securities)	FVPL	3,080	AfS	3,080
Derivatives held for hedging purposes (receivables from concession arrangements)	AC	0	Derivatives	-36,424
Derivatives held for hedging purposes (other financial assets)	Derivatives	1,342	Derivatives	1,342
Equity and liabilities				
Financial liabilities	FLaC	-1,293,977	FLaC	-1,293,977
Trade payables	FLaC	-2,290,897	FLaC	-2,290,897
Other financial liabilities	FLaC	-472,210	FLaC	-472,210
Derivatives held for hedging purposes (other financial liabilities)	Derivatives	-748	Derivatives	-748

Measurement categories (IFRS 9)		Measurement categories (IAS 39)	
AC	5,533,436	L&R	6,488,995
FVPL	67,173	AfS	61,874
Derivatives	594	Derivatives	-35,830
FLaC	-4,057,084	FLaC	-4,057,084
Total	**1,544,119**	**Total**	**2,457,955**

T€						
Category according to IAS 39	L&R	AfS	AfS	Derivatives for hedging purposes		
Category according to IFRS 9	AC	FVPL	FVOCI		FLaC	Total
Carrying value as at 31.12.2017	**6,488,995**	**0**	**61,874**	**-35,830**	**-4,057,084**	**2,457,955**
Requalification construction contracts (IFRS 15)[1]	-916,945					-916,945
Reclassification						
Receivables from concession arrangements	-36,424			36,424		
Investments		31,906	-31,906			
Securities		29,968	-29,968			
Remeasurement						
Expected Loss	-2,190					-2,190
Fair Value Measurement Investments		5,299				5,299
Carrying value as at 1.1.2018	**5,533,436**	**67,173**	**0**	**594**	**-4,057,084**	**1,544,119**

T€	Impairment	
Category according to IAS 39	L&R	AfS
Category according to IFRS 9	AC	FVPL
Impairment as at 31.12.2017	**192,134**	**7,788**
Adjustment IFRS 9	2,190	
Reversal according to reclassification		-7.788
Impairment as at 1.1.2018	**194,324**	**0**

Future changes to the accounting principles

STRABAG SE will adopt the new standard for leases, IFRS 16, on 1 January 2019 retrospectively with the option of recognising the cumulative effects in equity.

On the basis of the contracts registered to date, the STRABAG SE Group will be affected primarily through real estate rentals (offices, warehouses, employee residences). The vast majority concerns a large number of standalone contracts with comparatively low annual rental expense. Many of these contracts were concluded for an indefinite period with rights to terminate for convenience.

Vehicles are regularly purchased within the group and are not affected by the new regulation. The rental or supply of construction equipment, as is usual in this business, is to be classified as current, which means that no changes are expected here.

Through the presentation of the usage rights and lease obligations, an extension of the balance sheet total between 5 % to 7 % is to be expected.

Accounting and valuation methods

No new accounting and valuation methods were amended in the fiscal year of 2017. Therefore, the accounting and valuation are fundamentally based on the same accounting principles and valuation methods underlying the consolidated annual financial statements with reporting date 31 December 2017.

Information regarding the accounting and valuation methods can be found in the annual financial statements with reporting date 31 December 2017.

1 not classified as financial instrument according to IFRS 9

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 statement according to IFRS. The actual results could deviate from these estimates.

Scope of consolidation

The consolidated semi-annual financial statements as at 30 June 2018 include STRABAG SE as well as all major domestic and foreign subsidiaries where 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).

The number of consolidated companies changed in the first six months of 2018 as follows:

	Consolidation	Equity method
Situation as at 31.12.2017	**295**	**22**
First-time inclusions in year under report	0	1
Exclusions in year under report	-2	0
Situation as at 30.6.2018	**293**	**23**

ADDITIONS TO SCOPE OF CONSOLIDATION

The following company formed part of the scope of consolidation for the first time on the reporting date.

	Direct stake %	Date of acquisition or foundation
at-equity		
FLARE Living GmbH & Co. KG, Cologne[1]	50.00	1.1.2018

DISPOSALS FROM THE SCOPE OF CONSOLIDATION

As at 30 June 2018, the following companies were no longer included in the scope of consolidation:

Disposals from scope of consolidation	
CESTAR d.o.o., Gornja Vrba[2]	merger
Züblin Gebäudetechnik GmbH, Erlangen	sale

Under an asset deal, STRABAG acquired the staff and machines of Pötzl Asphalt Bau GmbH with registered office in Oberwiera. Pötzl Asphalt has about 50 employees and generates annual revenue of € 6.5 million. As a result of the acquisition, goodwill in the amount of T€ 1,399 was recorded as an asset.

Methods of consolidation and currency translation

The same methods of consolidation and principles of currency translation were applied in drawing up the consolidated semi-annual financial statements with reporting date 30 June 2018 as were used for the consolidated annual financial statements with reporting date 31 December 2017. Details regarding the methods of consolidation and principles of currency translation are available in the 2017 annual report.

Classification as a net investment in a foreign operation according to IAS 21.32. led to the adjustment of the interest income of the comparison period from the previous year.

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 2018.
2 The company was merged with an already consolidated company.

Notes on the items of the consolidated income statement

SEASONALITY

Due to snow, ice and other adverse weather conditions, revenue is usually lower in the winter months than in the summer. As the largest part of the costs involves fixed costs, noteworthy losses are posted in the first quarter every year. Starting with the second quarter, these losses are compensated for by rising contribution margins. The break-even point is usually not yet reached before the end of the second quarter. The largest portion of the earnings is expected in the third and fourth quarters. Seasonal fluctuations in the transportation infrastructures business are greater than they are in building construction & civil engineering.

The above-described, annually repeating business trend allows a year-on-year comparison of output volume, revenue and results of the respective quarters.

REVENUE

In the item Revenue exclusively revenues from contracts with customers are recognised. These are as follows:

Revenue for 1.1.–30.6.2018

T€	North + West	South + East	International + Special Divisions	Other	Total
Business fields					
Construction	**2,873,450**	**1,733,731**	**537,962**	**0**	**5,145,143**
Germany	*2,280,695*	*39,055*	*35,667*		*2,355,417*
Austria	*9,315*	*741,056*	*59,300*		*809,671*
Poland	*296,949*	*108*	*2,718*		*299,775*
Other countries < € 300 Mio.	*286,491*	*953,512*	*440,277*		*1,680,280*
Construction materials	**54,235**	**41,499**	**159,570**	**0**	**255,304**
Facility Management	**0**	**0**	**520,156**	**0**	**520,156**
Project development	**0**	**0**	**211,932**	**0**	**211,932**
Other	**42,660**	**48,610**	**73,746**	**9,803**	**174,819**
Total	**2,970,345**	**1,823,840**	**1,503,366**	**9,803**	**6,307,354**

Revenue for 1.1.-30.6.2017

T€	North + West	South + East	International + Special Divisions	Other	Total
Business fields					
Construction	**2,521,074**	**1,607,921**	**548,898**	**0**	**4,677,893**
Germany	*1,978,541*	*32,624*	*85,955*		*2,097,120*
Austria	*13,111*	*654,248*	*132,823*		*800,182*
Poland	*269,315*	*0*	*2,387*		*271,702*
Other countries < € 300 Mio.	*260,107*	*921,049*	*327,733*		*1,508,889*
Construction materials	**50,025**	**34,667**	**142,021**	**0**	**226,713**
Facility Management	**0**	**1,756**	**523,096**	**0**	**524,852**
Project development	**636**	**38,030**	**58,177**	**0**	**96,843**
Other	**35,797**	**47,209**	**29,511**	**12,867**	**125,384**
Total	**2,607,532**	**1,729,583**	**1,301,703**	**12,867**	**5,651,685**

Interest income from concession contracts which is included in revenue amounting to T€ 24,444 (30 June 2017: T€ 0) (also see notes on receivables from concession arrangements).

SHARE OF PROFIT OR LOSS OF EQUITY-ACCOUNTED INVESTMENTS

T€	1.1.–30.6.2018	1.1.–30.6.2017
Income from equity-accounted investments	8,234	8,015
Expenses arising from equity-accounted investments	-4,396	-4,707
Profit from construction consortia	40,084	47,453
Losses from construction consortia	-38,763	-14,178
Share of profit or loss equity-accounted investments	**5,159**	**36,583**

Notes on the items in the consolidated balance sheet

GOODWILL

Goodwill assets are subjected to an annual impairment test in accordance with IAS 36. The impairment test is carried out in the last two months of the financial year.

Under the asset deal of Pötzl Asphalt Bau GmbH goodwill in the amount of T€ 1,399 was recorded as an asset. No impairments were made.

INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT

In 1–6/2018, tangible and intangible assets in the amount of T€ 289,098 (1–6/2017: T€ 219,156) were acquired.

In the same period, tangible and intangible assets with a book value of T€ 11,885 (1–6/2017: T€ 25,670) were sold.

PURCHASE OBLIGATIONS

On the reporting date, there were T€ 177,071 (30 June 2017: T€ 130,464) in contractual commitments for the acquisition of property, plant and equipment which were not considered in the semi-annual financial statement.

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 in the amount of T€ 18,632 (30 June 2017: T€ 18,278[1]) is recognised in revenues.

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.

1 Representation in other operating income in previous year

The market value of the interest rate swap in the amount of T€ -32,454 (31 December 2017: T€ -36,424) 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€ 363,805 (31 December 2017: T€ 389,781), classified either as a current or non-current liability depending on the term. The resulting interest expense is recognised in Revenue.

EQUITY

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

As of December 31st 2017 STRABAG SE holds 7,400,000 registered nomial shares which stands for 6.7% of the capital stock and is expressed by the value of € 7,400,000.

The changes in equity are shown in the statement of changes in equity.

CONTINGENT LIABILITIES

Cologne Stadtbahn North-South Tunnel Construction

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 the STRABAG Group subsidiary Ed. Züblin AG. The JV is led by Bilfinger SE on the technical side and by Wayss & Freytag Ingenieurbau AG on the commercial side. Ed. Züblin AG holds a 33.3 % interest in the JV.

In May 2017, the Cologne public prosecutor’s office filed charges including negligent homicide against employees of the JV and of the local transport company Kölner Verkehrs-Betriebe (KVB). The charges are based on an expert report commissioned by the public prosecutor’s office which assumes that the collapse was caused by a defect in the diaphragm wall for the shaft at the Waidmarkt crossover junction. The District Court in Cologne has allowed the charges and in January 2018 opened criminal proceedings in the case. In March 2018, the Cologne public prosecutor’s office, on the basis of a testimony, filed charges against another employee of the JV. The District Court in Cologne allowed this charge as well and in August opened a second criminal proceeding.

At the same time, upon the insistence of KVB and the City of Cologne, two independent civil proceedings are being conducted at 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. For purposes of the investigation into the cause of the accident, a viewing structure was built of the building. The viewing structure is to help clarify whether there were any mistakes or errors associated with the diaphragm wall set up by the JV.

In mid-May 2018, the expert in the civil evidentiary proceedings into the cause of the damage surprisingly submitted a so-called summarizing final expert opinion and stated that he wanted to complete the evidence-taking, since, in his opinion, an imperfection in the diaphragm wall had been identified as the clear cause of the damage.

In July 2018 the expert testified as a witness in the criminal proceedings where he confirmed and explained his opinion. Currently experts mandated by the JV question the final expert opinion and prepare corresponding statements for the civil proceedings.

A final report on the results of the investigation of the accident site, as well as the expert opinion, thus remains outstanding. As both the cause of the accident as well as the damage amount remain uncertain, it is not possible at this time to estimate the potential financial impact on the consolidated financial statements.

Investigation by the Public Prosecutor's Office for Combating Economic Crimes and Corruption

In connection with the searches that were conducted at the offices of more than 50 Austrian construction companies in May 2017, including at three STRABAG locations in Austria, additional searches were conducted at five offices of STRABAG in Austria on 5 June 2018.

According to the public prosecutor's office, the investigation centres on the suspicion of illegal price fixing. The focus is on projects from the years 2006 to 2015 in multiple regions of Austria, mostly in the field of transportation infrastructures. The official investigation is not yet complete. For this reason, the special task force set up by STRABAG in May 2017 cannot present any final results of its internal investigation into the case.

STRABAG is committed to quickly clearing up the allegations made by the authorities and continues to cooperate fully in the official investigation.

The theoretically possible consequences include monetary fines imposed by the Federal Competition Authority for violations of the prohibition of cartels, related damage compensation claims by the clients as well as a monetary fine under the Corporate Criminal Liability Act.

The facts of the case are extremely complex due to the long period covered and because of the large number of construction projects involved, of which only some were executed by STRABAG. The full investigation is therefore expected to take several years to complete. At this time, it is not possible to make any statements as to the question of guilt or any possible damages resulting for the company from the matter.

The company has accepted the following guarantees:

T€	30.6.2018	31.12.2017
Guarantees without financial guarantees	205	174

Furthermore, there is a derived credit risk arising from the financial guarantee contracts (guarantees issued) of T€ 59,638 (31 December 2017: T€ 44,746).

Other notes

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€	30.6.2018	30.6.2017
Securities	3,079	3,081
Cash on hand	1,519	1,523
Bank deposits	1,972,821	1,641,813
Restricted cash abroad	0	-4,546
Pledge of cash and cash equivalents	-4,327	-655
Cash and cash equivalents	**1,973,092**	**1,641,216**

The **cash flow from operating activities** in the reporting year contains the following items:

T€	1.1.–30.6.2018	1.1.–30.6.2017
Interest paid	29,262	32,935
Interest received	10,738	18,603
Taxes paid	52,136	21,995

SEGMENT REPORTING

The rules of IRFS 8 Operating Segments, apply to the segment reporting. IFRS 8 prescribes defining the segments and reporting the earnings on the basis of the internal reporting (Management Approach). Segment assets are not disclosed as these do not form part of the regular internal reporting.

The internal reporting in the STRABAG Group is based on Management Board areas, which also represent the segments. The settlement between the single segments is made at arm's length prices.

The segment North + West bundles the construction activities in Germany, Poland, Benelux and Scandinavia as well as the ground engineering activities.

The segment South + East comprises the construction activities in Austria, Switzerland, Hungary, Czech Republic, Slovakia, Adriatic, Rest of Europe and Russia and environmental engineering business.

The segment International + Special Divisions includes the international construction activities, tunnelling services, real estate development and infrastructure 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 1.1.–30.6.2018

T€	Nordth + West	South + East	International + Special Divisions	Other	Reconciliation to IFRS financial statements	Group
Output Volume	**3,258,763**	**1,916,406**	**1,653,007**	**47,217**		**6,875,393**
Revenue	**2,970,345**	**1,823,840**	**1,503,366**	**9,803**	**0**	**6,307,354**
Inter-segment revenue	43,451	61,480	114,271	406,651		
EBIT	**-22,589**	**-4,146**	**51,958**	**585**	**-5,778**	**20,030**
Interest and similar income	0	0	0	25,111	0	25,111
Interest expense and similar charges	0	0	0	-32,552	0	-32,552
EBT	**-22,589**	**-4,146**	**51,958**	**-6,856**	**-5,778**	**12,589**

Segment reporting for 1.1.–30.6.2017

T€	North + West	South + East	International + Special Divisions	Other	Reconciliation to IFRS financial statements	Group
Output Volume	**2,782,826**	**1,810,359**	**1,589,259**	**71,946**		**6,254,390**
Revenue	**2,607,532**	**1,729,583**	**1,301,703**	**12,867**	**0**	**5,651,685**
Inter-segment revenue	38,289	79,352	104,164	390,668		
EBIT	**-62,682**	**37,732**	**-6,503**	**-44**	**-1,096**	**-32,593**
Interest and similar income	0	0	0	24,297	0	24,297
Interest expense and similar charges[1]	0	0	0	-53,038	0	-53,038
EBT	**-62,682**	**37,732**	**-6,503**	**-28,785**	**-1,096**	**-61,334**

Reconciliation of the sum of the segment earnings to EBT according to IFRS financial statements

Income and expense in the internal reporting are shown essentially 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 consolidation.

Reconciliation of the internal reporting to IFRS financial statements is allocated as follows:

T€	1.1.–30.6.2018	1.1.–30.6.2017
Net income from investments	-3,307	-805
Other consolidations	-2,471	-291
Total	**-5,778**	**-1,096**

FINANCIAL INSTRUMENTS

With exception of the financial liabilities the book value of the financial instruments corresponds to the fair value. The fair value of the financial liabilities amounts to T€ -1,112,283 on 30 June 2018 (31 December 2017: T€ -1,326,157) compared to the recognised book value of T€ -1,088,357 (31 December 2017: T€ -1,293,977).

The **fair values as at 30 June 2018** for financial instruments were measured as follows:

T€	Level 1	Level 2	Total
Assets			
Securities	26,784		26,784
Cash and cash equivalents (securities)	3,079		3,079
Derivatives held for hedging purposes		-32,159	-32,159
Total	**29,863**	**-32,159**	**-2,296**
Equity and liabilities			
Derivatives held for hedging purposes		-13,146	-13,146
Total		**-13,146**	**-13,146**

1 Adjustment due to the presentation of net investments in foreign operational entities acc. IAS 21.32

The **fair values as at 31 December 2017** for financial instruments were measured as follows:

T€	Level 1	Level 2	Total
Assets			
Securities	26,888		26,888
Cash and cash equivalents (securities)	3,080		3,080
Derivatives held for hedging purposes		-35,082	-35,082
Total	**29,968**	**-35,082**	**-5,114**
Equity and liabilities			
Derivatives held for hedging purposes		-748	-748
Total		**-748**	**-748**

NOTES ON RELATED PARTIES

Notes on related parties may be found in the 2017 consolidated financial statements. Since 31 December 2017, there have been no significant changes in this area. Arm's-length business relations exist in transactions with related parties.

EVENTS AFTER THE BALANCE SHEET DATE

No relevant material occurred after the reporting for this semi-annual financial statements.

AUDIT WAIVER

The present semi-annual financial statements for STRABAG SE were neither audited nor subjected to an audit review.

STATEMENT OF ALL LEGAL REPRESENTATIVES

We confirm to the best of our knowledge that the condensed semi-annual financial statements as of 30 June 2018 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 of important events that have occurred during the first six months of the financial year and their impact on the condensed semi-annual financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Villach, 31 August 2018

The Management Board

Dr. Thomas Birtel
CEO
Responsibility Central Divisions and Central Staff Divisions (except BRVZ)
as well as Division 3L Russia

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 Russia)

Financial calendar

Interim Report January–September 2018	**29 November 2018**
Disclosure	7:30 a.m.
Investor and analyst conference call	10:00 a.m.
Annual Report 2018	**29 April 2019**
Disclosure	7:30 a.m.
Press conference	10:00 a.m.
Investor and analyst conference call	2:00 p.m.
Interim Report January–March 2019	**29 May 2019**
Disclosure	7:30 a.m.
Investor and analyst conference call	10:00 a.m.
Notice of Annual General Meeting	29 May 2019
Shareholding confirmation record date	18 June 2019
Annual General Meeting 2019	**28 June 2019**
Start	10:00 a.m.
Location: Tech Gate Vienna	
Ex-dividend date	5 July 2019
Record date	8 July 2019
Payment date for dividend	9 July 2019
Semi-Annual Report 2019	**30 August 2019**
Disclosure	7:30 a.m.
Investor and analyst conference call	10:00 a.m.

All times are CET/CEST. Please find the roadshow schedule on the website www.strabag.com > Investor Relations > Company Calendar.

Corporate bonds

Maturity	Coupon %	Volume € mln.	ISIN	Stock exchange
2012–2019	4.25	100	AT0000A0V7D8	Vienna
2013–2020	3.00	200	AT0000A109Z8	Vienna
2015–2022	1.625	200	AT0000A1C741	Vienna

Corporate credit rating

Standard & Poor's	BBB	Outlook stable

Codes

Bloomberg:	**STR AV**
Reuters:	**STR.VI**
Vienna stock exchange:	**STR**
ISIN:	**AT000000STR1**

For further questions, please contact our Investor Relations department:

STRABAG SE
Donau-City-Str. 9, 1220 Vienna/Austria
+43 800 880 890
@ investor.relations@strabag.com
www.strabag.com

This Semi-Annual Report is also available in German. In case of discrepancy the German version prevails.