

STRABAG SE on track to reach goal for 2016

Contact

STRABAG SE
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- Output volume at € 9.6 billion after nine months 2016, 7 % below the high level of 2015
- Order backlog of € 15.0 billion, a plus of 9 %
- EBIT – even if adjusted for non-operating profit – up, at € 175.90 million (+52 %)
- Outlook for 2016: slightly lower output volume, confirmed 3 % target of EBIT margin

		9M/16	9M/15	%	Q3/16	Q3/15	%
Output volume	€m	9,561.06	10,255.51	-7%	3,883.74	4,050.84	-4%
Revenue	€m	8,938.46	9,480.72	-6%	3,626.31	3,735.25	-3%
Order backlog	€m	14,990.68	13,761.27	9%			
EBITDA	€m	450.39	403.79	12%	293.63	279.96	5%
EBITDA margin	%	5.0%	4.3%		8.1%	7.5%	
EBIT	€m	175.90	115.81	52%	196.68	184.23	7%
EBIT margin	%	2.0%	1.2%		5.4%	4.9%	
EBIT clean ¹⁾	€m	148.09	115.81	28%	168.87	184.23	-8%
EBIT margin clean ¹⁾	%	1.7%	1.2%		4.7%	4.9%	
Net income	€m	104.90	63.54	65%	137.87	125.01	10%
Net income margin	%	1.2%	0.7%		3.8%	3.3%	
Net income after minorities	€m	104.34	58.34	79%	129.35	113.85	14%
Net income after minorities margin	%	1.2%	0.6%		3.6%	3.0%	
Earnings per share	€	1.02	0.57	79%	1.26	1.11	14%
Employees	number	71,329	73,447	-3%			

1) in 2016 adjusted for a non-operating profit in the amount of € 27.81 million

Vienna, 30 November 2016 After nine months, the publicly listed construction company STRABAG SE is on track to reach its goal for the financial year 2016: “We should be able to reach our target EBIT margin of 3 % in 2016 – even when not taking into account a non-operating profit. So we are confident of being able to hold this level sustainably. We are set to enter the new year with a comfortable cushion of orders on the books, particularly in our core market of Germany where we are the market leader. We can therefore expect our revenue to grow with the market,” explains **Thomas Birtel**, CEO of STRABAG SE.

Output volume and revenue

STRABAG SE generated an output volume of € 9,561.06 million in the first nine months of the 2016 financial year, corresponding to a decrease of 7 %. The declines were registered primarily in the countries of Central and Eastern Europe, including Slovakia, Hungary, Poland, the Czech Republic – and in Russia, where the figure had already been low. The consolidated group revenue fell by 6 % to € 8,938.46 million.

Order backlog

The order backlog, on the other hand, increased by 9 % on the year to reach € 14,990.68 million on 30 September 2016. While several building construction and transportation infrastructure projects in Germany contributed to a plus of 30 %, declines were registered in Eastern Europe, e.g. in Russia and Romania, as well as in Denmark.

Financial performance

The earnings before interest, taxes, depreciation and amortisation (EBITDA) improved by 12 % in the first nine months of 2016 to € 450.39 million, in part due to the absence of burdens from large-scale projects as well as improved earnings in South-East European markets. However, this figure also includes earnings in the amount of € 27.81 million from the sale of a shareholding related to the acquisition of the minority interest in subsidiary Ed. Züblin AG that cannot be assigned to the operating business. The adjusted EBITDA would therefore come to € 422.58 million, 5 % above the level after nine months in 2015.

The depreciation and amortisation was reduced by 5 % especially through the sale of the equipment of the hydraulic engineering business. The earnings before interest and taxes (EBIT) thus amounted to € 175.90 million, a plus of 52 %. Adjusted for the aforementioned non-operating effect, the EBIT would have amounted to € 148.09 million (+28 %). The net interest income changed little, with € -13.31 million versus € -13.97 million. Below the line, this resulted in a 60 % increase in earnings before taxes (EBT) to € 162.60 million. After income tax of € -57.70 million at a tax rate of 35.5 %, the earnings after taxes amounted to € 104.90 million after € 63.54 million in the comparison period.

In the second quarter, the STRABAG Group had acquired minority interests of Ed. Züblin AG. Taking into consideration the remaining minority interest of just € 0.56 million, versus € 5.20 million the previous year, the net income after minorities reached € 104.34 million. In light of 102,600,000 outstanding shares, this corresponds to earnings per share of € 1.02 (9M/2015: € 0.57).

Financial position and cash flows

The balance sheet total fell to € 10.2 billion from € 10.7 billion on 31 December 2015. This figure was greatly influenced by the regular seasonal increase of the trade receivables and the reduction of the minority interests with a corresponding decrease in cash and cash

equivalents. This, among others, was the reason why the net cash position of € 1,094.48 million at year's end turned into net debt of € 57.08 million at 30 September 2016 (9M/2015: net debt of € 100.42 million). The acquisition of the minority interest had only a minor impact on the equity ratio, which fell back slightly to 30.0 % from 31.0 % on 31 December 2015. The equity ratio on 30 September 2015 had been reported at 29.7 %.

At € -569.94 million, the cash flow from operating activities was significantly deeper in negative territory than in the first nine months of the previous year. This development was influenced particularly by the significantly higher increase of the working capital, which, due to a high level of advances, had been unusually low on 31 December 2015. The cash flow from investing activities, meanwhile, stood at € -242.84 million. This decrease by 36 % versus the first nine months of the previous year came in response to stronger investments in property, plant and equipment as well as through the purchase of the Tech Gate Vienna property near the STRABAG headquarters in Vienna. The cash flow from financing activities settled at € -422.37 million, driven especially by the acquisition of the remaining shares of Ed. Züblin AG. In addition, a bond issue had contributed to a positive cash flow in the previous year.

Outlook

The Management Board of STRABAG SE expects a slightly lower output volume for the 2016 financial year. The comfortable order backlog should allow growth with the market in the future. The Management Board confirms the target of achieving a sustainable 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.

***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 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. The hard work and dedication of our more than 73,000 employees allow us to 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. More information is available at www.strabag.com.*