STRABAG SOCIETAS EUROPAEA

STRABAG SE: Higher net income despite declining markets in 2023

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- **New record output of € 19.1 billion (+8% vs. 2022)**
- **High order backlog largely unchanged at € 23.5 billion**
- **EBIT margin above expectations at 5.0%**
- **Higher dividend of € 2.20 proposed**
- **Outlook for 2024: output volume of around € 19.4 billion, EBIT margin ≥ 4%**
- **STRABAG publishes its first online Annual and Sustainability Report at report.strabag.com**

		2023	2022	%	6M/23	6M/22	%
Output volume	€ mn	19,139.14	17,735.47	8	8,258.62	7,587.72	9
Revenue	€ mn	17,666.54	17,025.85	4	7,684.37	7,246.35	6
Order backlog	€ mn	23,466.13	23,738.84	-1	24,320.48	23,969.66	1
EBITDA	€ mn	1,418.31	1,257.21	13	351.14	324.67	8
EBITDA margin	%	*8.0*	*7.4*		*4.6*	*4.5*	
EBIT	€ mn	880.20	706.40	25	87.35	63.63	37
EBIT margin	%	*5.0*	*4.2*		*1.1*	*0.9*	
Net income after min.	€ mn	630.51	472.45	33	74.14	40.41	83
Earnings per share	€	6.30	4.60	37	0.74	0.39	90
Employees	FTE	77,136	73,740	5	75,551	72,709	4

Vienna, 25 April 2024 STRABAG SE, the publicly listed European technology group for construction services, was faced with largely declining markets in 2023. Thanks to its ability to cover the entire construction value chain and due to its broad geographical presence, however, STRABAG can look back on a strong performance in 2023.

Klemens Haselsteiner, CEO of STRABAG SE: *“2023 was characterised by a number of factors that are not supportive for construction. But STRABAG held up extremely well even in this challenging environment, with earnings that exceeded expectations. Our broad diversification allowed us to more than offset declines in* *individual construction segments. At the same time, we continued to work on progress in construction and are focusing our strategy on the growth drivers of the future: sustainability and innovation."*

Output volume, revenue and order backlog

The STRABAG SE Group increased its output volume by 8% to € 19,139.14 million in the 2023 financial year, setting a new record for this figure. The consolidated Group revenue amounted to € 17,666.54 million. The operating segments North + West contributed 41%, South + East 42% and International + Special Divisions 17% to the revenue. Despite sharp declines on the residential construction market, the order backlog remained more or less stable at a very high level of € 23,466.13 million (-1% compared to 31 December 2022).

Financial performance

The earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 13% to € 1,418.31 million in 2023. In recent years, the EBITDA has been sustainably established above the € 1.0 billion mark. As a result, the EBITDA margin showed a year-on-year increase from 7.4% to 8.0%. The depreciation and amortisation expense fell slightly by 2.3% to € 538.12 million.

The earnings before interest and taxes (EBIT) increased significantly by 25% to € 880.20 million in 2023. The EBIT margin grew to 5.0% (2022: 4.2%), thus exceeding the original forecast. This development is due to positive earnings effects resulting from the strong market positions in the North + West segment.

The net interest income increased to € 44.13 million (2022: € 10.7 million). The strong year-on-year growth is primarily due to higher interest income – caused by the higher interest rate level and STRABAG SE's net cash position. The exchange rate result included in this figure turned negative in 2023 at € -15.90 million (2022: € 3.20 million) due to negative exchange rate differences.

The income tax rate, at 31.5%, was slightly lower than in the previous year. The net income amounted to € 633.39 million, which corresponds to an increase of 32% compared to 2022. The earnings owed to minority shareholders totalled € 2.89 million, compared to € 7.68 million in the previous year. The net income after minorities increased by 33% to € 630.51 million, the highest figure in the history of STRABAG SE. The earnings per share amounted to € 6.30 (2022: € 4.60).

Financial position and cash flows

The total of assets and liabilities increased year-on-year from € 12,683.76 million to € 13,706.21 million mainly due to the increase in cash and cash equivalents and inventories. A decline was recorded in other financial assets.

The equity as at 31 December 2023 was up to € 4,409.36 million, resulting in an increase in the equity ratio to 32.2% (31 December 2022: 31.7%). Another net cash position was reported for 31 December 2023 – with a noticeable increase to € 2,643.24 million due primarily to higher cash and cash equivalents and a further reduction in financial liabilities.

The cash flow from operating activities increased significantly year-on-year from € 812.86 million to € 1,816.51 million. This development is due to an increase in cash flow from earnings on the one hand and an unexpected reduction in working capital on the other. The forecast reduction in advance payments as a result of higher interest rates did not materialise for the time being.

The cash flow from investing activities was more negative, as expected, particularly due to higher investments in financial assets and enterprise acquisitions, including acquisitions in facility services, energy and building services management, and amounted to € -654.87 million (2022: € -560.42 million). The cash flow from financing activities was less negative at € -430.58 million (2022: € -503.66 million). The repayment of a bond in the amount of € 200 million in the previous year resulted in an effect that more than compensated for the acquisition of own shares tendered as part of an anticipatory mandatory offer by the Austrian core shareholders.

Outlook

Based on the continuing high order backlog, which already extends into 2025, the Management Board expects the output volume to increase slightly from its already high level. Specifically, this figure is forecast to reach around € 19.4 billion in the 2024 financial year. Due to the economic challenges in the construction industry, the earnings for 2023 do not change anything about the target of generating an EBIT margin of at least 4% in the 2024 financial year.

“Buildings account for 38% of global CO_2 emissions. In order to achieve the European climate targets, there is no way around the renovation and decarbonisation of existing buildings. Reconstruction, conversion and refurbishment is therefore firmly anchored in our strategy 2030,” explains CEO Klemens Haselsteiner.

Further details on the 2023 financial figures will be announced by STRABAG SE CEO Klemens Haselsteiner and CFO Christian Harder today, Thursday, at 10:00 a.m. during the financial press conference.

STRABAG SE’s Annual and Sustainability Report is available for the first time as a complete online report at report.strabag.com.

***STRABAG SE** is a European-based technology partner 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 taking an end-to-end view of construction over the entire life cycle – from planning and design to construction, operation and facility management* *through to redevelopment or demolition. In all of our work, we accept responsibility for people and the environment: We are shaping the future of construction and are making significant investments in our portfolio of more than 250 innovation and 400 sustainability projects. Through the hard work and dedication of our approximately 86,000 employees, we generate an annual output volume of around € 19 billion.*

Our dense network of subsidiaries in various European countries and on other continents extends our area of operation far beyond the borders of Austria and Germany. Working together with strong partners, we are pursuing a clear goal: to design, build and operate construction projects in a way that protects the climate and conserves resources. More information is available at www.strabag.com.