OTE0002 5 WB 1143 CNE0001 WI Mo, 31.Aug 2020
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EANS-News: STRABAG SE upgrades outlook for 2020 after half-year figures

2020: output volume expected to reach around € 15 billion – previous forecast € 14.4 billion; EBIT margin target remains at 3.5 %

Mid Year Results

Vienna - Today, Monday, the publicly listed construction company STRABAG SE reported figures for the first half of 2020.

"At first glance, the first half of 2020 was strongly affected by the coronavirus pandemic. However, this is only partially reflected in the figures. For the first half of the year, the net income after minorities tends to be around zero and our output volume fell by 'merely' 10 % - in part due to other, expected factors. One of the reasons for this is that we generate only about 15 % of our group output volume in Austria. In markets such as Germany or Poland, on the other hand, the restrictions were hardly noticeable. Although the crisis has not been overcome yet, we came to the conclusion that our output guidance of EUR 14.4 billion, which was updated in April following the start of the pandemic, was probably too conservative - not least due to the record order backlog. Instead, we now expect an output volume of around EUR 15.0 billion. At the same time, an EBIT margin of at least 3.5 % should be attainable as previously expected. We are basing our forecast on the assumption that, unlike in the first half of the year, there will be no full suspension of construction activities, not even temporarily, in any of our core countries in the second half of the year. This does not mean, however, that a 'second wave' of COVID-19 would hit us unprepared", says Thomas Birtel, CEO of STRABAG SE.

Zwtl.: Output volume and revenue

STRABAG SE generated a 10 % lower output volume of EUR 6,720.08 million in the first half of 2020. This is largely due to three factors: the loss of a German key account in the property and facility services business resulting from an expired contract in mid-2019, the temporary halt to construction activity due to the coronavirus crisis in Austria, and the execution and completion of tunnelling projects in Chile. The consolidated group revenue fell by 9 %.

Zwtl.: Order backlog

The order backlog as at 30 June 2020 reached a new record high of EUR 19,440.54 million, which corresponds to 6 % growth over the level from 30 June 2019. Work progressed on large orders in the Americas, Hungary and Austria, among other places, resulting in a decline of this figure. This development was contrasted by new large orders and contract extensions in tunnelling in the United Kingdom and a significant increase in the order backlog in Germany and the Czech Republic.

Zwtl.: Financial performance

Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased slightly by 2 % to EUR 300.11 million in the first half of 2020. Depreciation and amortisation grew disproportionately as a result of higher investments in the previous year, however, so that earnings before interest and taxes (EBIT) fell by 26 % to EUR 45.10 million from EUR 61.00 million in the same period of the previous year. This decline is attributable to the development of the International + Special Divisions segment.

Net interest income stood at EUR -13.49 million compared to EUR -19.50 million in the first six months of the previous year. This figure includes higher negative exchange rate differences of EUR -7.05 million (6M/2019: EUR -1.24 million), which is more than compensated by lower interest expenses. Earnings before taxes (EBT) came in at EUR 31.61 million compared to EUR 41.50 million in the first half of 2019. The fact that income taxes reached a similarly high level at the same time is mainly due to project losses in a non-European country that cannot be offset by the possibility of asserting loss carryforwards.

The earnings attributable to minority shareholders were barely changed in absolute figures at EUR 1.42 million. Overall, a net income after minorities of EUR -0.79 million was achieved. In the same period of the previous year, it had still been in positive territory with EUR 10.66 million, though the net income after minorities tends to be below zero for the first half of the year. With 102,600,000 outstanding shares, this corresponds to earnings per share of EUR -0.01 (6M/2019: EUR 0.10).

Zwtl.: Financial position and cash flows

Compared with the first half of the previous year, the equity ratio increased from 29.9 % to 31.7 %; at the end of 2019, it had amounted to 31.5 %. The net cash position decreased, as is usual for the season, from EUR 1,143.53 million at the end of 2019 to EUR 946.47 million (30 June 2019: EUR 240.57 million).

While the cash flow from operating activities had been clearly negative in the same period of the previous year, it now registered in positive territory at EUR 32.84 million due to a lower working capital increase. As there was significantly less investment in property, plant and equipment than in the previous year, the cash flow from investing activities was about 40 % less strongly in negative territory. The repayment of a bond with a higher volume than the one in the previous year led to a cash flow from financing activities of EUR -261.03 million, compared to EUR -183.27 million in the first half of 2019.

Zwtl.: Employees

The reduced output is also reflected in the lower number of employees, which fell by 3 % to 74,093 compared to the first half of 2019. The largest decline was recorded in Germany, which was due to the aforementioned loss of a long-term key account in property and facility services in the previous year, followed by project-related staff reductions in the Middle East. Developments in the other markets were mixed.

Further inquiry note:
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Attachments with Announcement:
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http://resources.euroadhoc.com/documents/2246/5/10550560/1/STRABAG_SE_Press_Release_6M2020_Aug2020_e.pdf

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ISIN: AT000000STR1, AT0000A05HY9
indexes: SATX, ATX, WBI

stockmarkets: Wien
language: English

Digital press kit: http://www.ots.at/pressemappe/4106/aom

OTE0002   2020-08-31/07:30

310730 Aug 20

Link zur Aussendung:
https://www.ots.at/presseaussendung/OTE_20200831_OTE0002