STRABAG SE sets 2018 records in order backlog, construction output and earnings. copyright: STRABAG SE

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STRABAG SE confirms record earnings 2018

The publicly listed construction group STRABAG SE posted several records in 2018 again: Not only did the output volume and the order backlog – as reported – reach their highest level in company history, but the earnings before interest and taxes (EBIT) and the net income after minorities did as well. In view of another record year, in conjunction with the expectations for the future, the Management Board would like to propose to the Annual General Meeting on 28 June 2019 a dividend of € 1.30 per share, unchanged from the high level of the previous year.

Thomas Birtel, CEO of STRABAG SE: “After having reported the third record year in a row regarding the output volume in February, we can now post further records in earnings for 2018. Despite full order books, we will continue to turn all the available screws of efficiency to keep margins at an attractive level. Digitalisation is one of the tools to do this.”

Output volume, Revenue and Order backlog

The STRABAG SE Group generated another record output volume of € 16.3 billion in the 2018 financial year, which was even higher than expected due to weather conditions. This represents an increase of 12 % over the previous year. The consolidated group amounted to € 15.2 billion. This corresponds to a plus of 13 % – similar to the output volume.

Numerous orders in the group’s largest markets, above all in Germany, Austria and Poland, again raised the order backlog to a record level at the end of the year. It came to rest 2 % above the previous record level of 2017.

Financial performance

The earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 14 % to € 952.60 million. Adjusting the EBITDA for the non-operating step-up profit in the amount of € 55.31 million – resulting one-time from the full consolidation of the concession company PANSUEVIA that operates the A8 motorway in Germany – results in an EBITDA growth of 8 %.

The depreciation and amortisation increased by 2 %. The EBIT increased by 25 % to € 558.21 million, which corresponds to an EBIT margin of 3.7 % after 3.3 % in 2017. Even when adjusted for the nonoperating step-up profit, the EBIT grew by 12 % with an EBIT margin of 3.3 %. The earnings improvement is attributable to the International + Special Divisions segment. The property and facility services and real estate development businesses continued to make very positive contributions to the earnings, while burdens from large loss-making projects in the international area were absent.

The net interest income was comparable to that of the previous year. The income tax rate stood at 31.7 %, slightly higher than in the previous year (2017: 30.6 %). The earnings owed to minority shareholders amounted to € 9.25 million. On the one hand, 2018 was the first year in which no minority shareholders had to be considered at STRABAG AG, Germany. On the other hand, projects in the successful real estate development business are at times performed with partner companies. The net income after minorities for 2018 stood at € 353.53 million – an increase of 27 %. The earnings per share amounted to € 3.45 (2017: € 2.72).

Financial position and cash flows

The balance sheet, due to the increased shareholding in PANSUEVIA from 50 % to 100 % and the subsequent full consolidation, grew from € 11.1 billion on 31 December 2017 to € 11.6 billion. Despite the balance sheet growth, the equity ratio increased from 30.7 % to 31.4 %. As usual, a net cash position was reported on 31 December 2018. This figure fell in the face of higher investments and the repayment of bank borrowings from € 1.3 billion to € 1.2 billion.

The cash flow from operating activities fell despite the higher cash flow from earnings from € 1,345.19 million to € 736.18 million due to the weaker working capital decrease as compared to the previous year. The expectation of a significant reduction in advance payments in 2018 and a concomitant increase in working capital to familiar levels thus did not materialise. The cash flow from investing activities, at € -587.93 million, was 76 % more negative, due in part to the higher investments in property, plant and equipment and because of the PANSUEVIA transaction. The repayment of a bond and the cash outflow related to the acquisition of the minority shares of the now delisted German subsidiary STRABAG AG influenced the cash flow from financing activities, which reached a value of € -534.17 million after € -234.52 million in the previous year.

Outlook

STRABAG SE continues to expect an output volume of about € 16.0 billion (-2 %) in 2019 and confirms the goal to again achieving an EBIT margin of at least 3.3 %.

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 75,000 employees allow us to generate an annual output volume of around € 16 billion. At the same time, a dense network of numerous subsidiaries in many European countries and 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.*

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