# ANNUAL REPORT 2018/19

MODIFIED CONSOLIDATED FINANCIAL STATEMENTS

swietelsky.com

## CONTENTS



**Note on the modified consolidated annual report**

At the end of July of this year, Swietelsky Bauges.m.b.H. as usual published its consolidated and individual annual reports for the financial year 2018/2019. Due to a system error in the master data, the provisions for severance payments were incorrectly reported at a lower value, which required subsequent corrections that are considered in this new edition of the consolidated annual report. The changes do not significantly affect the solid overall financial situation of the company and are discussed in the notes.

## IMPRINT

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# BUILDING ON IDEAS

"The company's financial success is a testimonial to all of its employees for their entrepreneurial thinking and independent work."

RA Dr. Günther Grassner
Chairman of the Supervisory Board

# 1936

Hellmuth Swietelsky established “Straßenbauunternehmung Ing. Hellmuth SWIETELSKY” in Gmunden. Soon afterwards, he moved his headquarters to the Upper Austrian state capital of Linz.

# 1939

Hellmuth Swietelsky started the construction of a railway in spite of the chaos of war and founded a branch in Vienna. Work on the track construction was carried out with pickaxes and shovels.

# 1949

Hellmuth Swietelsky erected a repair workshop and living quarters for the workers on a property in St. Martin near Linz. The difficult post-war years were overcome. Reconstruction picked up speed. By implementing a bonus system, SWIETELSKY promoted the independence and personal responsibility of its employees, forming the building block of the successful, decentralized company structure.

# 1962

Hellmuth Swietelsky founded a branch in Munich with establishments in Traunstein and Emmering. New branches were constantly added in Austria. At the end of the 60s, concrete construction was the push to advance into further divisions.

# 1974

SWIETELSKY’s central laboratory received the authorization to operate in St. Martin as a “state-authorized testing facility”. The laboratory received international acclaim with project monitoring in Mauritania, Cameroon, and the former USSR.

# 1989

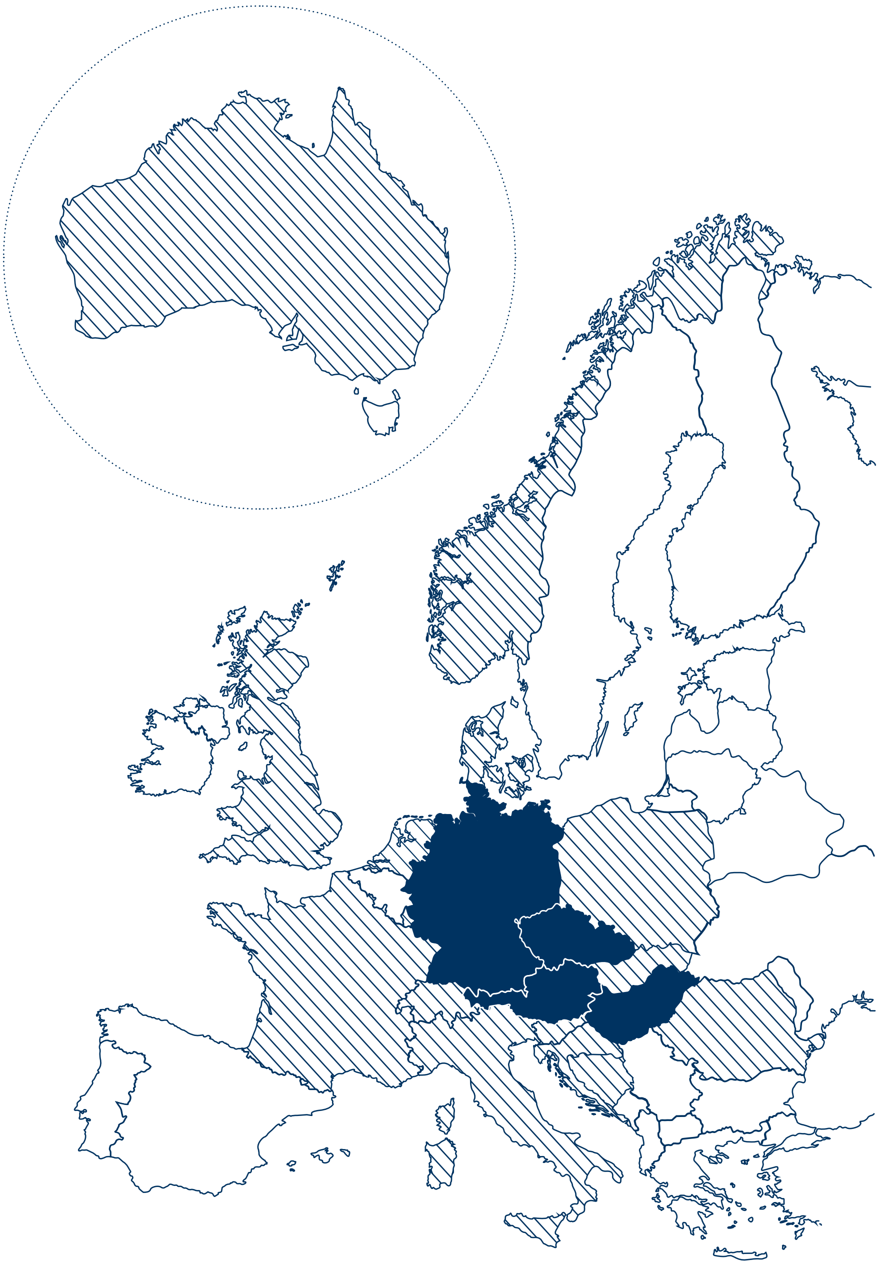
The 80s were characterised by the continuous expansion of the range of services, especially in building construction. The company also pushed mechanical track construction. Following the “opening to the East” in 1989, subsidiaries were founded in Hungary, the Czech Republic, Slovakia, Slovenia, Poland, and Croatia.

# 2014

As a result of the insolvency of a major competitor, around 1,000 new employees were successfully integrated into the company in Austria. As of 31 March 2014, construction output had therefore increased to around EUR 1.9 billion, making SWIETELSKY the third-largest construction company in Austria.

# TODAY

**The SWIETELSKY Group is a leading construction company in Central and Eastern Europe. With the driving force of around 10,000 employees, more than EUR 2.8 billion in construction output, and a decentralized organizational structure, we are an international player, a national winner, and a local champion in all sectors of the construction industry.**



Core market
Other countries

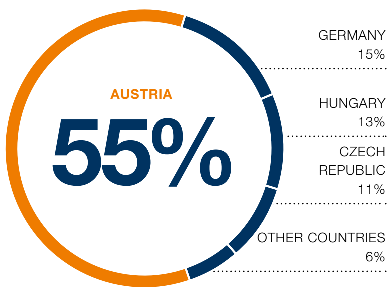
Number of operating locations across all business segments as at 31 March 2019: 145 compared to 141 in the previous year

## MARKETS

# 19 COUNTRIES

Subsidiaries in four core countries (Austria, Germany, Hungary, Czech Republic) and 15 other countries (Australia, Bosnia and Herzegovina, Denmark, France, Great Britain, Italy, Croatia, Luxembourg, Netherlands, Norway, Poland, Romania, Switzerland, Slovakia, Slovenia)

## CONSTRUCTION OUTPUT BY MARKET




## AVERAGE NUMBER OF EMPLOYEES

# 10,351

6,711 blue-collar workers
3,640 white-collar workers

# 2018
# 2019

Management from left to right:
Dipl.-Ing. Walter Pertl, Adolf Scheuchenpflug. Dipl.-Ing. Karl Weidlinger, Peter Gal

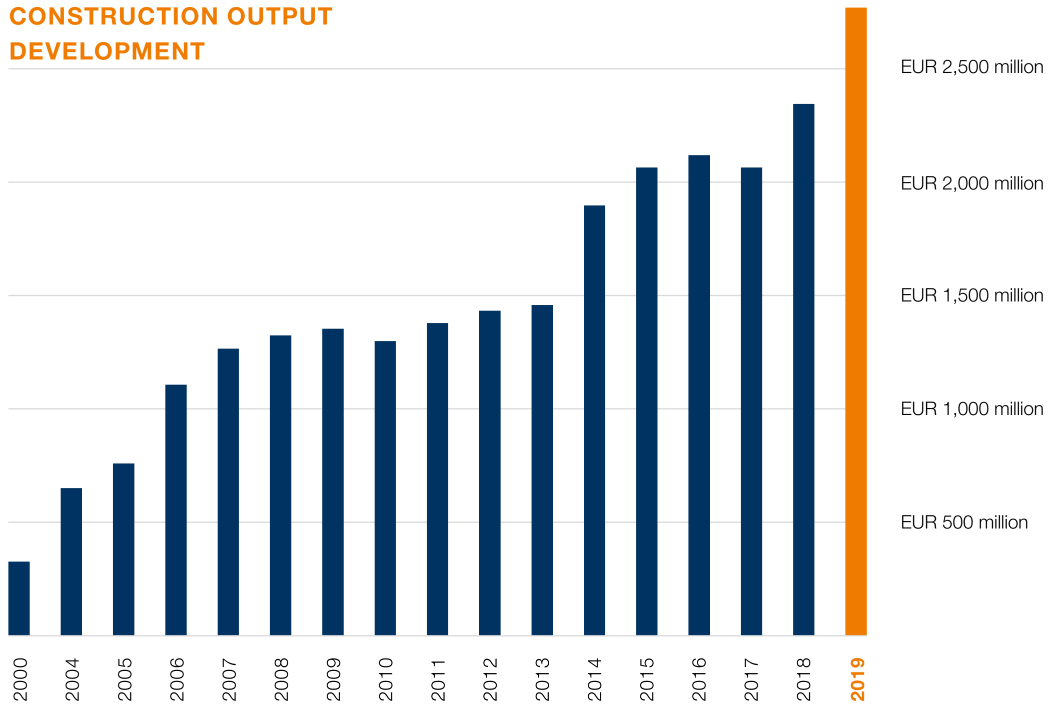
## FOREWORD BY THE MANAGEMENT

Dear Sir or Madam!
The 2018/19 financial year met our optimistic expectations and is the most successful in our company's history. SWIETELSKY's organic growth continued unabated amidst good economic conditions. Gains were achieved in all major markets, enabling construction output to be increased by 18% year-on-year. At EUR 3.12 billion, the order backlog remains at the very high level despite the on-schedule execution of long-term large-scale projects. The equity ratio climbed to 29%.

Our main focus has always been on profitability, which too saw gratifying gains. Earnings before taxes (EBT) increased by 39.16%. At an EBIT margin of 4.1%, we can report a very good figure compared to the industry as a whole. We pay no less careful attention to the capital structure and place great value on using our financial resources in an economical way. Nevertheless, in the past fiscal year we showed again a high willingness to invest in the modernization of our technical plant and machinery.

We continue to put our efforts on our strategy of diversification and our managerial approach of promoting the entrepreneurial skills of our employees, as we have done in the past. In the fall of this year, a sustainability report of the company will be prepared for the first time in accordance with the “Sustainability Reporting Standards” of the “Global Reporting Initiative (GRI)” in order to make our services transparent in the context of sustainable management. In the current financial year 2019/20, we want to consolidate the construction output at the previous year's level and aim to achieve an average profitability of the last three financial years.

## CONSTRUCTION OUTPUT DEVELOPMENT




| CONSTRUCTION OUTPUT | YEAR-ON-YEAR |
|---|---|
| **EUR 2,805,317,712** | **+18.0%** |

| EBT | YEAR-ON-YEAR |
|---|---|
| **EUR 107,431,173** | **+39.16%** |

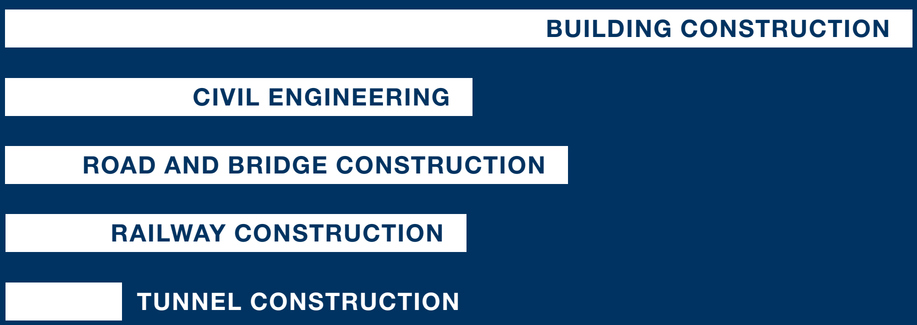
| ORDER BACKLOG | YEAR-ON-YEAR |
|---|---|
| **EUR 3,116,309,013** | **-0.01%** |

# RANGE OF SERVICES

SWIETELSKY's activities span all branches of the building industry: Building construction, civil engineering, road and bridge construction, railway construction, and tunnel construction.

The Group offers projects of any dimension with the highest quality and flexibility, while always adhering to schedules. A decentralized organizational structure and a variety of branches and subsidiaries with different orientations ensure maximum efficiency.

**CONSTRUCTION OUTPUT BY DIVISION**



# BUILDING CONSTRUCTION

OFFICES/OFFICE COMPLEXES
SINGLE-FAMILY HOUSING
SHOPPING CENTRES
HEALTH FACILITIES
ALPINE CONSTRUCTION PROJECTS/MOUNTAIN HUTS
HOTELS
INDUSTRIAL BUILDINGS
PUBLIC BUILDINGS
REVITALISATIONS/CONVERSIONS
STADIUMS
RESIDENTIAL BUILDINGS/HOUSING DEVELOPMENTS

**SWIETELSKY BUILDS WITH VISION**

SWIETELSKY is able to efficiently realise construction projects of any size, making us a trustworthy partner in addressing various target groups such as families building their own homes, public clients, housing cooperatives, private investors, project developers, industrial companies, and many more.

The client can always rely on the fact that SWIETELSKY builds on solid values. Reliability and economic longevity are characteristics that our clients hold in high regard. The immense variety of projects proves just how flexible SWIETELSKY is in its role as either a construction manager or general contractor. Having considerable expertise including in modern timber and hybrid construction, we see ourselves as a material-neutral builder able to meet any requirement.


Office building, GTC White House, Budapest, Hungary

## SWIETELSKY builds on solid values: Reliability and economic longevity.


Student dormitory, Milestone, Budapest, Hungary


Residential building, Kreuzbergstraße, Feldkirch, Austria


Residential building, Luční jez, Czech Republic

Photo: KTM / Sebas Romero

Exhibition building, KTM Motohall, Mattighofen, Austria

Campus building of the Technical College, Steyr, Austria

Residential building, Althan Park, Vienna, Austria

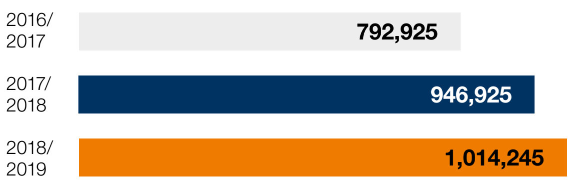
Photo: Zechner & Zechner ZT GmbH / Isochrom.com

Rendering: Residential building, Marina Tower, Vienna, Austria
(start of construction 2018)

Photo: SORAVIA / ZOOM VP.AT

Rendering: Office building, Austro Tower, Vienna, Austria
(start of construction 2018)

**CONSTRUCTION OUTPUT FOR**
**BUILDING CONSTRUCTION DIVISION**
Figures in thousand EUR



# Timber Competence Centre Schlüßlberg, Austria

The new 3900 sqm SWIETELSKY plant for timber and hybrid construction was made from prefabricated wall and roof elements with glulam double-tapered beams. The facade was made of glazed, rough-sawn spruce boards.

From the large number of different building construction projects in the financial year 2018/19, we would like to showcase one that is special due to the specific structural challenges it posed.

SWIEtimber is a product brand founded in 2019 by

**SWIETELSKY DRAWS ON PROFOUND TECHNICAL KNOW-HOW**

In civil engineering, SWIETELSKY ensures that space and the environment are optimally used while protecting natural surroundings. We specialise also in complex construction projects in difficult terrain, such as in the mountains or underground.

Through the use of state-of-the-art technologies and interdisciplinary knowledge, we are able to offer innovative, economical, and ecologically sustainable solutions. This applies to earthworks, hydraulic engineering, and foundation engineering as well as the construction of supply and disposal networks, waterways, dams and sewer systems. SWIETELSKY is particularly knowledgeable in special civil and underground construction.

# CIVIL ENGINEERING

DEMOLITION WORKS
OUTDOOR FACILITIES
BIOGAS PLANTS
LANDFILLS AND RECYCLING PLANTS (INCL. SEWAGE TREATMENT PLANTS) EARTH EXCAVATION
SEWER STRUCTURES AND HYDRAULIC STRUCTURES
POWER PLANTS
NOISE PROTECTION
PIPELINES
SPECIAL COATING
BLASTING OPERATIONS
CABLE CARS, LIFTS, AVALANCHE BARRIERS AND GALLERIES
TEST DRILLING AND BORING
DEEP FOUNDATIONS, EXCAVATION PIT AND SLOPE STABILISATION

# Technology & know-how also for complex construction projects in difficult terrain.


Bicycle underpass, Längenfeld, Austria


Tennis court, Längenfeld, Austria


District heating power station, Klagenfurt, Austria


Outdoor facilities, Raiffeisenbank, Freistadt, Austria

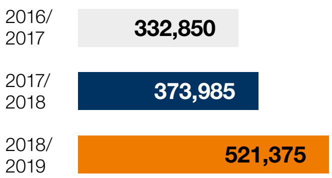

Train platform, Landshut, Germany

Sewer construction, Innrain, Austria

Waterfront wall reconstruction, Lake Velence, Hungary

Civil engineering works, Mairtal Bridge, Austria

**CONSTRUCTION OUTPUT FOR CIVIL ENGINEERING DIVISION**
Figures in thousand EUR



# Pipeline construction for snow machines TITLIS, Engelberg, Switzerland

The SWIETELSKY subsidiary HTB Bau out of Tyrol was tasked with laying snow-making pipelines in the central Swiss mountains – yet not in the conventional way using a pipeline trench but by means of a "plaster installation" on the rock face. The prerequisites for project success were the experienced employees, the equipment perfected to an alpine environment, and the company's logistical capabilities.
Our number one priority was, of course, complying with all safety regulations.

From the large number of different civil engineering projects in the financial year 2018/19, we would like to showcase one that is special due to the specific structural challenges it posed.

# ROAD AND BRIDGE CONSTRUCTION

ASPHALT PRODUCTION
VIEWING PLATFORMS
MOTORWAYS AND ROADS
BRIDGES
ADVENTURE TRAILS
AIRPORTS
FOREST ROADS AND AGRICULTURAL ROADS
SUSPENSION BRIDGES
ELEVATED HIGHWAYS
TOWN SQUARES
CAR PARKS

## SWIETELSKY BUILDS ON COHESIVE KNOWLEDGE

When SWIETELSKY first started, individual mobility was nothing more than a bold vision for millions of Europeans. Road construction pioneer Hellmuth Swietelsky made this dream his own personal mission. More than 80 years later, we have often pushed our own limits and successfully mastered every project dimension in road and bridge construction.

As an experienced, flexible and absolute quality-driven partner of the public sector, we have helped build and continuously develop infrastructure. With requirements changing over time, SWIETELSKY has always been at the forefront of development. We are therefore more in demand now than ever before when it comes to implementing modern solutions for growing urban spaces.

Bridge construction, A94, Germany

Bridge construction, Gamperl Viaduct, Semmering, Austria

## SWIETELSKY is a pioneer and visionary in the construction and development of traffic routes.

Bridge construction, Fehlbach Bridge, Erding, Germany

Bridge construction, pedestrian suspension bridge, Tartano, Italy

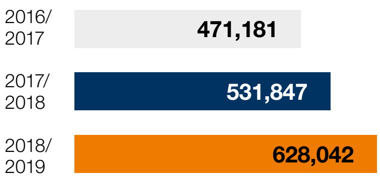

Hirschbichl Street, Berchtesgaden National Park Area, Germany

Road construction, Tyrol, Austria

Runway reconstruction, Klagenfurt, Austria

**CONSTRUCTION OUTPUT FOR ROAD AND BRIDGE CONSTRUCTION DIVISION**

Figures in thousand EUR



From the large number of different road and bridge construction projects in the financial year 2018/19, we would like to showcase one that is special due to the specific structural challenges it posed.


# Safety extension Voest Bridge Linz, Austria

The urban motorway bridge will have two additional bridges ("bypasses"). The aim is to separate traffic flow and reduce congestion. ASFINAG's investment volume amounts to EUR 180 million.

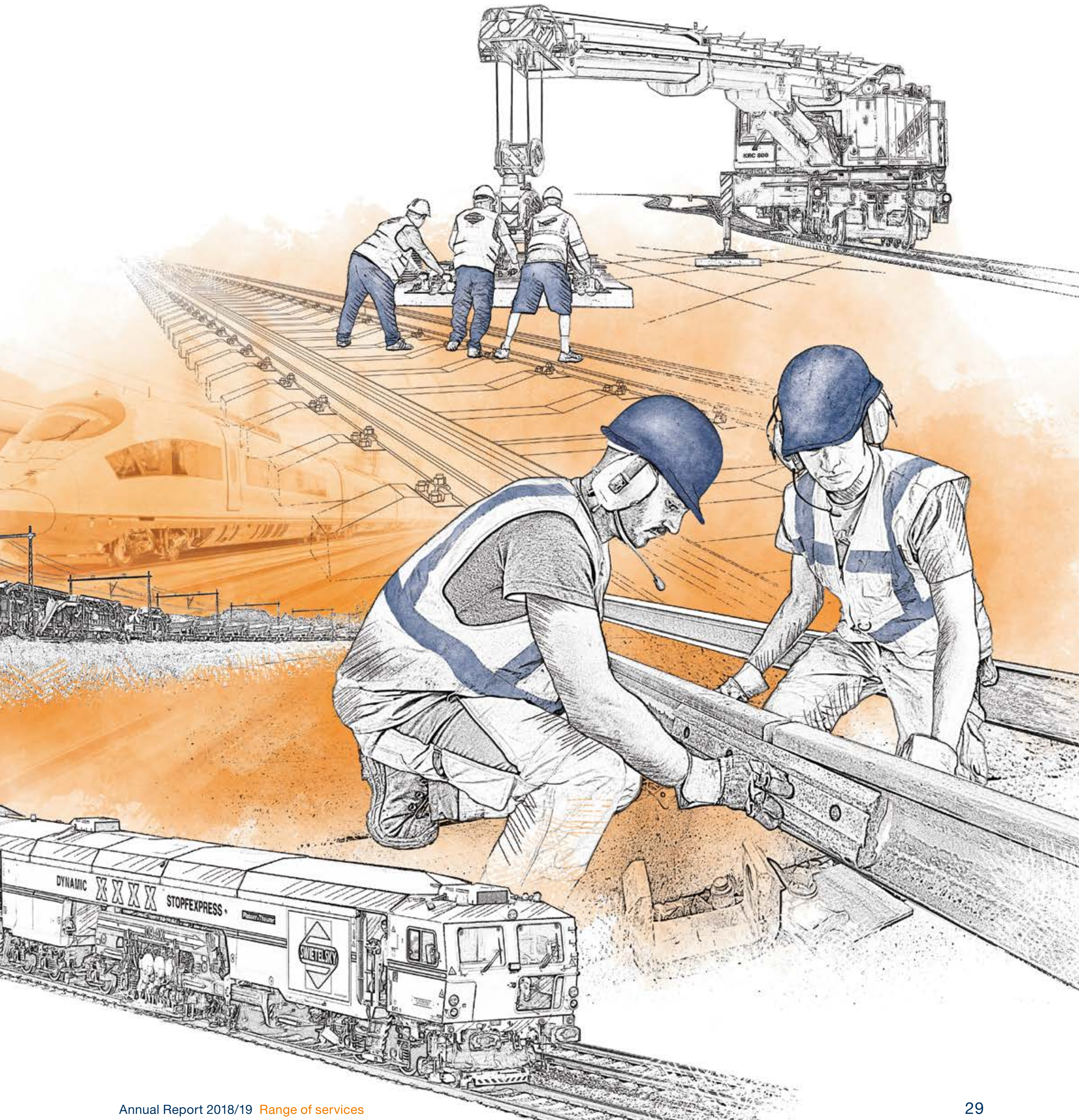
SWIETELSKY
PUTS
INFRASTRUCTURE
ON RAILS

The principle of sustainability has shaped SWIETELSKY's thinking and activities throughout its history like no other. The founders already knew 80 years ago that without the railway as a means of transport, too much economic and ecological strain was going to be put on road traffic. Thus, the road construction pioneer became a railway construction pioneer.

SWIETELSKY has created certain prerequisites in track construction to afford people and goods a quick, cheap, safe and comfortable transport. The company owes its state-of-the-art machinery and its own railway transport company to farsighted capital expenditures.
By developing and using large machinery, SWIETELSKY has revolutionised railway construction in terms of efficiency and safety. Today, we are leading in Europe and also operating in Australia in this field.

# RAILWAY CONSTRUCTION

TRACK SYSTEMS FOR RAILWAYS, TRAMWAYS AND SUBWAYS
SPECIAL EQUIPMENT AND SPECIAL SOLUTIONS
CONSTRUCTION SITE LOGISTICS
FREIGHT TRAFFIC AND SPECIAL TRANSPORTS



# Experience, know-how and technology for maximal flexibility in railway construction.

Guide rail repair, Vienna Airport, Austria


Track construction (RU 800 S), Wadden, Netherlands


Tamping operations, Zábřeh na Moravě, Tschechien

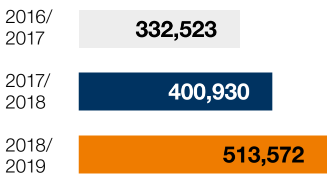

Track construction, railway station, Babica, Poland


Track construction, Railway Line 95, Poland

Track construction (RU 800 S), Obrnice – Čížkovice, Czech Republic

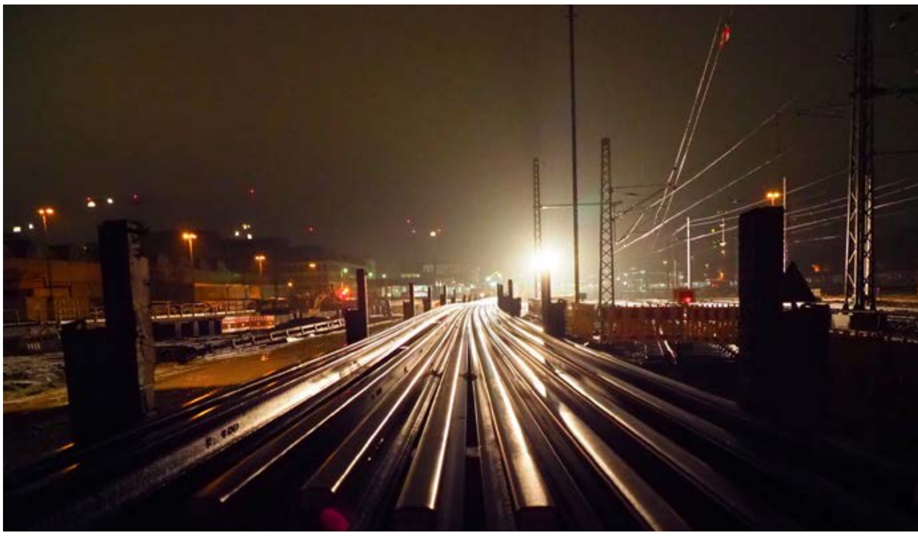
Railway station conversion, Čelákovice, Czech Republic

**CONSTRUCTION OUTPUT FOR RAILWAY CONSTRUCTION DIVISION**
Figures in thousand EUR



From the large number of different railway construction projects in the financial year 2018/19, we would like to showcase one that is special due to the specific structural challenges it posed.

Photo: Rhomberg Bahntechnik



# New railway section construction Wendlingen-Ulm

In December 2018, we reached a new milestone in the large-scale rail transport project in Baden-Württemberg when the 120-metre long rails were reloaded from freight trains to a special truck at Ulm Central Station. The truck transported the rails via the new section, with shell construction completed.

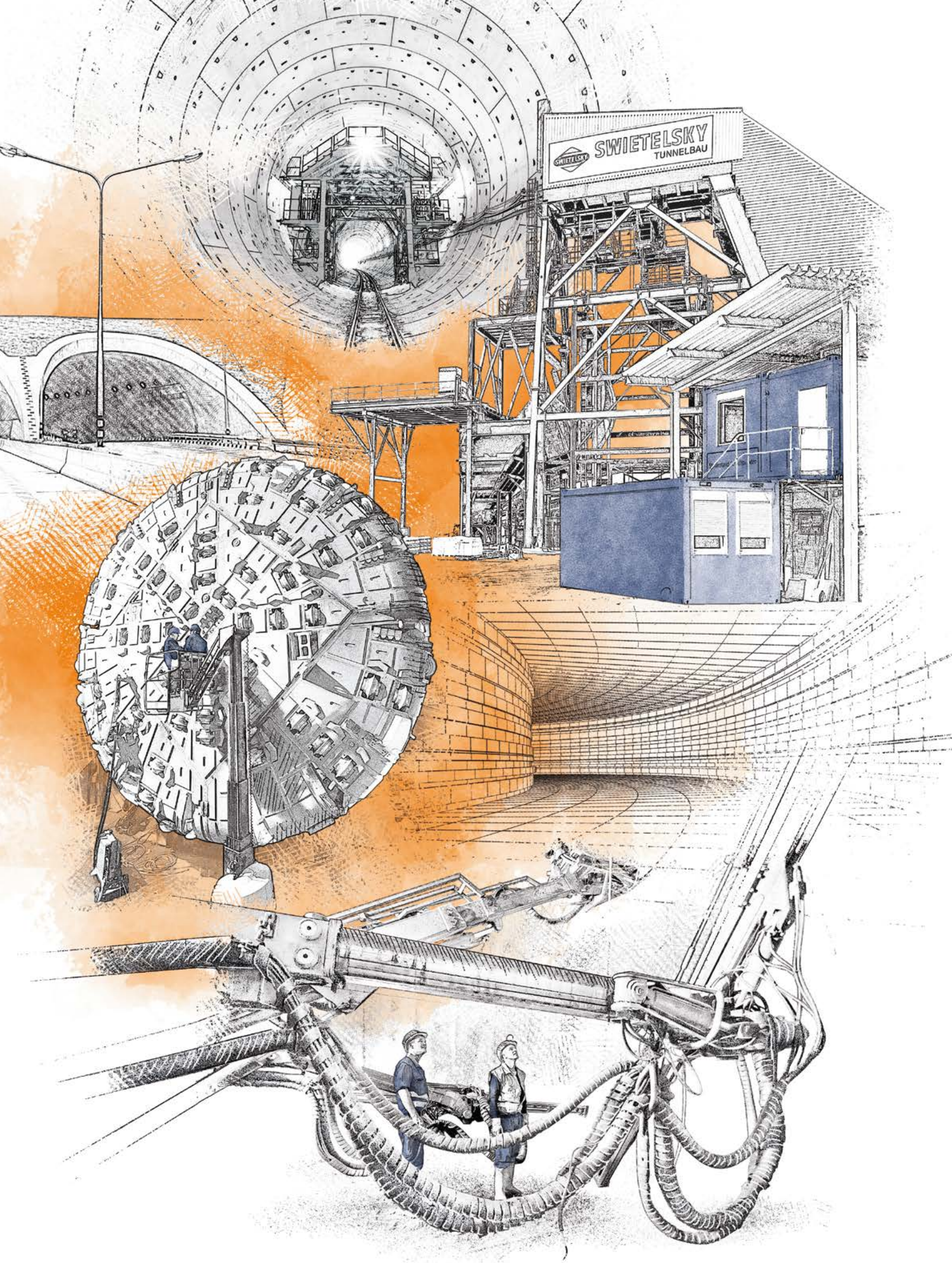
# TUNNEL CONSTRUCTION

RAILWAY TUNNEL
GALLERIES, CAVERNS, SHAFTS
ROAD TUNNELS
SUBWAY TUNNEL

**SWIETELSKY UNDERSTANDS BUILDING PROJECTS**

Railway and road tunnels do not only shorten distances but also make alpine zones more attractive as a habitat for humans and animals. Shifting traffic underground conserves natural resources and prevents noise development. When it comes to growing urban spaces, too, do subway tunnels guarantee environmentally friendly and efficient mobility.

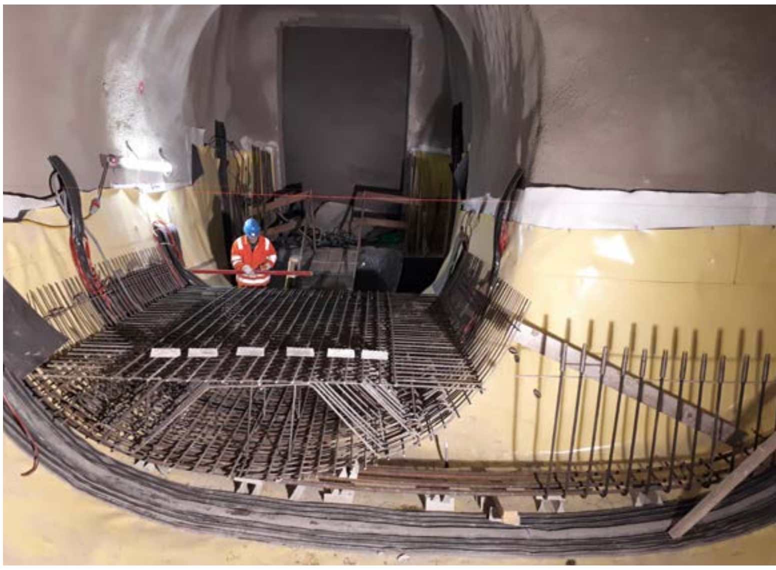
As a pioneer in both road construction and railway construction, SWIETELSKY recognised the potential of tunnel construction early on. By participating in important infrastructure projects, the company was able to make its mark, becoming a leading specialist in this field as well. What distinguishes SWIETELSKY from its competitors is its decades of experience in dealing with geological characteristic, its skill in applying high-tech machines and processes, and its designers' engineering know-how.


SWIETELSKY
SWIETELSKY
TUNNELBAU

Steinbühl Tunnel, new section Wendlingen-Ulm, Germany


Karawanks Tunnel, Austria

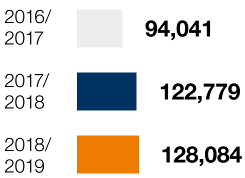
# SWIETELSKY guarantees rapid driving and innovative building in tunnel construction.

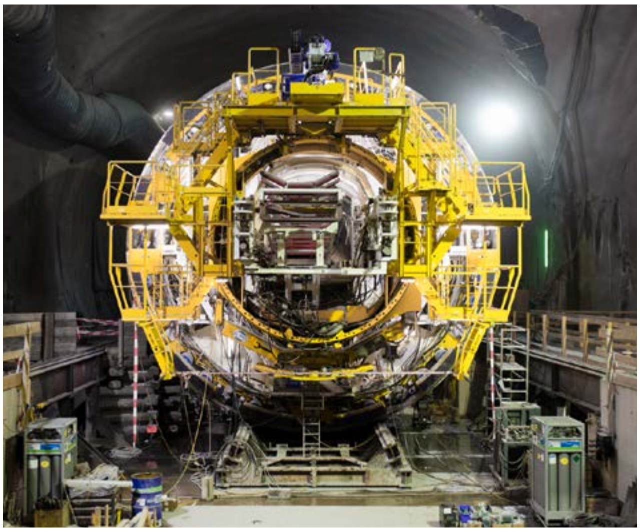


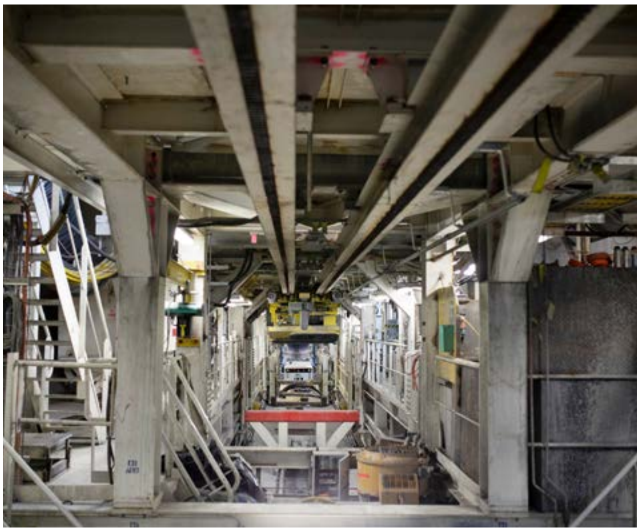
Boßler Tunnel, new section Wendlingen-Ulm, Germany


Filder Tunnel, Stuttgart 21 project, Germany

**CONSTRUCTION OUTPUT FOR TUNNEL CONSTRUCTION DIVISION**
Figures in thousand EUR







# Semmering Base Tunnel (Fröschnitzgraben), Austria

With a length of around 13 kilometres, this section is the longest of the Semmering Base Tunnel. The complex logistics make this project a challenge, with the entire tunnel system being developed and supplied via two vertical shafts approximately 400 metres deep. Two 120-metre tunnel boring machines weighing 2,500 tons are used for driving the tunnel.

From the large number of different tunnel construction projects in the financial year 2018/19, we would like to showcase one that is special due to the specific structural challenges it posed.

# SPECIALTY COMPETENCY

## ALPINE CONSTRUCTION

Tourism is an essential engine for the economy. In the alpine region, where SWIETELSKY has always felt at home, mountain and hiking tourism plays an important role alongside skiing. We are continuously faced with new constructional challenges when bringing tourists closer to the alpine region's impressive landscapes, fascinating nature and distinctive features. SWIETELSKY has the know-how to be up to the task and is able to master all mountainous logistical and technical challenges.

## TIMBER AND HYBRID CONSTRUCTION

While timber construction is becoming the standard of contemporary architecture, planers and architects still have many unanswered questions. No one is better at addressing them than someone who has already completed countless timber construction projects ranging from new construction to conversion and hybrid construction. Under the SWIEtimber brand, SWIETELSKY has bundled the knowledge of more than one hundred experts with experience in timber construction. We are thus able to meet any challenge in this market segment and see ourselves as a building material-neutral partner for our customers in planning and implementation.

## REAL ESTATE DEVELOPMENT

For 35 years, the SWIETELSKY development team has stood for high-quality residential property planning, construction and marketing. Every customer can rely on the construction quality for which the name SWIETELSKY is a guarantee. Competent and reliable contact persons with decades of experience make dreams of a home come true. With great attention to detail and comprehensive knowledge of the market, we do not only implement projects but create sustainable value as well.

**SWIETELSKY has specialty competency in some market segments due to its developed structure or strategic intentions.**

# METAL CONSTRUCTION

SWIETELSKY offers its customers extensive experience and specialty competency in metal construction, such as in large-scale facade manufacturing. We excel at demanding projects that pose a technological challenge and require traditional and precise production combined with a high degree of planning and professional project management. We also execute smaller orders with a keen eye for detail, such as customised windows, doors, gates, grilles, conservatories, and the like.

# CONSTRUCTION OF SPORTS AND LEISURE FACILITIES

Being physically active in our free time is becoming increasingly important in our society. With its many years of experience, SWIETELSKY provides for optimal planning and construction of sports facilities as well as for indoor and outdoor renovations. The three main services offered in sports venue construction are gyms, sports facilities, and swimming pools.

# FULL-SERVICE AND GENERAL CONTRACTOR FOR CONSTRUCTION

Our 80 years of experience as the SWIETELSKY Group and the combined strength of a financially strong international construction group have given rise to the services that we can offer in general and full-service contracting. To ensure that big visions do not fail because of small details, we offer complete solutions from planning to project management and construction. Thus, the customer is assisted by a single contact person until the turnkey project is handed over – and beyond.

# ENVIRONMENTAL ENGINEERING

Keeping air, water and soil clean are the tasks of today. SWIETELSKY has comprehensive knowledge in contaminated site remediation and in land recycling, provides complete services in landfill and plant construction, and is a specialist for special environmental processes. The increasing demand for renewable energy has led to innovative technical developments that SWIETELSKY has mastered. The company is, of course, also certified in accordance with the current standards for quality, work, environmental, and energy management.

# SUSTAINABLE MANAGEMENT

**Sustainability has always been a part of SWIETELSKY's DNA. We think of it holistically and see it as the prerequisite for organic growth and long-term prosperity.**

## SUSTAINABILITY REPORT

As of 2019, the SWIETELSKY Group will publish a Group-wide sustainability report that goes beyond its statutory reporting obligations. It will record and comprehensively present information and data on the company's activities and services in the context of sustainable management.

## PERSONNEL DEVELOPMENT

We place particular importance to personnel development and the formation of a corporate culture that is shared throughout the Group. Our philosophy, which we as an employer have been working towards for the past 80 years, is a motivator for our employees, who have remained loyal to the company longer than the average. In addition to development prospects and earning opportunities, key success factors include shared values that shape our cooperation and increase job satisfaction.

## YOUTH TRAINING

SWIETELSKY is also committed to training young talent. More than 200 apprentices are trained in 15 various occupations throughout the Group. On the one hand, we see this as an investment in our company's future and on the other hand, we also regard youth training to be our social duty.

## COMPLIANCE MANAGEMENT

When it comes to compliance management, SWIETELSKY adheres to the strictest international standards. We go to great lengths to ensure compliance with all legal obligations, and our employees are continuously made aware of its importance and are trained accordingly.

## INNOVATION

SWIETELSKY's department "IMS – Integrated Management Systems" ensures that the relevant group unit is informed about the latest developments, especially in the field of building materials and construction methods. In addition to collaborative research projects, we are able to accomplish our own development projects through the use of highly qualified employees. In civil engineering and tunnel construction, for example, innovative construction methods were submitted as research and development projects.

# CONSOLIDATED FINANCIAL STATEMENTS FOR 2018/19

# CONSOLIDATED INCOME STATEMENT

## FOR THE FINANCIAL YEAR 2018/19

| FIGURES IN THOUSAND EUR | Notes | 2018/19 | 2017/18 corrected [1)] |
|---|---|---|---|
| Revenue | (1) | 2,672,762 | 2,213,417 |
| Changes in inventories | | -35,913 | 22,252 |
| Own work capitalised | | 13,485 | 5,739 |
| Other operating income | (2) | 16,495 | 15,638 |
| Expenses for material and other purchased construction services | (3) | -1,726,681 | -1,454,727 |
| Employee benefits expenses | (4) | -612,876 | -544,310 |
| Other operating expenses | (6) | -187,540 | -149,458 |
| Share of results of associates | (7) | 17,203 | 16,890 |
| Net income from investments | (8) | 4,444 | 226 |
| **Earnings before interest, tax, depreciation and amortisation (EBITDA)** | | **161,379** | **125,667** |
| Depreciation and amortisation | (5) | -51,591 | -45,693 |
| **Earnings before interest and taxes (EBIT)** | | **109,788** | **79,974** |
| Interest and similar income | | 1,635 | 1,786 |
| Interest and similar expenses | | -3,973 | -4,559 |
| **Interest income** | | **-2,338** | **-2,773** |
| Other financial result | | -19 | 0 |
| **Earnings before tax (EBT)** | | **107,431** | **77,201** |
| Income tax | (9) | -25,466 | -23,503 |
| **Earnings after tax** | | **81,965** | **53,698** |
| | | | |
| Attributable to: hybrid captial owners | | 1,321 | 1,323 |
| Attributable to: non-controlling interests | | -186 | 0 |
| Attributable to: shareholders of the parent company | | 80,830 | 52,375 |

[1)] Due to an error correction in accordance with IAS 8, the previous year's figures were adjusted retrospectively

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR 2018/19

| FIGURES IN THOUSAND EUR | 2018/19 | 2017/18 corrected [1)] |
|---|---|---|
| **Earnings after tax** | **81,965** | **53,698** |
| **Items that cannot be reclassified in the income statement:** | | |
| Changes in Revaluation reserves | 267 | 290 |
| Changes in actuarial gains and losses | -1,896 | -1,286 |
| Deferred taxes on neutral changes in equity | 449 | 353 |
| | **-1,180** | **-643** |
| **Items that can be reclassified in the income statement:** | | |
| Differences arising from currency translation | -1,425 | 588 |
| Changes in Financial Instruments | -1,004 | 187 |
| Deferred taxes on neutral changes in equity | 171 | -46 |
| | **-2,258** | **729** |
| **Other income** | **-3,438** | **86** |
| **Total comprehensive income** | **78,527** | **53,784** |
| Attributable to: hybrid captial owners | 1,321 | 1,323 |
| Attributable to: non-controlling interests | -186 | 0 |
| **Attributable to: shareholders of the parent company** | **77,392** | **52,461** |

# CONSOLIDATED BALANCE SHEET

AS OF 31 MARCH 2019

## ASSETS

| FIGURES IN THOUSAND EUR | Notes | 31/3/2019 | 31/3/2018 corrected [1] | 1/4/2017 corrected [1] |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Intangible assets | (10) | 12,085 | 10,627 | 11,386 |
| Property, plant and equipment | (10) | 341,973 | 295,952 | 263,015 |
| Investments in associates | (11) | 11,977 | 11,384 | 11,938 |
| Other financial assets | (11) | 21,742 | 18,853 | 17,638 |
| Trade receivables | (13) | 5,473 | 2,323 | 6,775 |
| Other receivables and assets | (13) | 5,099 | 5,384 | 1,525 |
| Deferred taxes | (15) | 8,297 | 7,055 | 7,369 |
| | | **406,646** | **351,578** | **319,646** |
| **Current assets** | | | | |
| Inventories | (12) | 112,686 | 84,073 | 69,208 |
| Trade receivables | (13) | 374,797 | 352,534 | 273,506 |
| Other receivables and assets | (13) | 77,451 | 49,152 | 50,480 |
| Cash and cash equivalents | (14) | 525,003 | 507,767 | 317,251 |
| | | **1,089,937** | **993,526** | **710,445** |
| | | **1,496,583** | **1,345,104** | **1,030,091** |

[1] Due to an error correction in accordance with IAS 8, the previous year's figures were adjusted retrospectively

# EQUITY AND LIABILITIES

| FIGURES IN THOUSAND EUR | Notes | 31/3/2019 | 31/3/2018 corrected [1)] | 1/4/2017 corrected [1)] |
|---|---|---|---|---|
| **Equity** | | | | |
| Registered capital | | 7,705 | 7,705 | 7,705 |
| Capital reserves | | 58,269 | 58,269 | 58,269 |
| Hybrid capital | | 30,462 | 30,462 | 30,462 |
| Revaluation reserves | | 10,591 | 10,422 | 10,151 |
| Revenue reserves | | 327,777 | 257,854 | 215,664 |
| Non-controlling interests | | -122 | 0 | 0 |
| | (16) | **434,682** | **364,712** | **322,251** |
| **Non-current liabilities** | | | | |
| Provisions | (17) | 28,511 | 25,772 | 24,036 |
| Financial liabilities | (18) | 3,001 | 78,817 | 137,534 |
| Trade payables | (18) | 29,979 | 26,681 | 23,792 |
| Other liabilities | (18) | 11,469 | 9,377 | 9,220 |
| Deferred taxes | (15) | 21,010 | 18,264 | 10,367 |
| | | **93,970** | **158,911** | **204,949** |
| **Current liabilities** | | | | |
| Provisions | (17) | 122,498 | 90,873 | 74,326 |
| Financial liabilities | (18) | 76,956 | 2,602 | 2,490 |
| Trade payables | (18) | 655,625 | 630,454 | 329,876 |
| Other liabilities | (18) | 112,852 | 97,552 | 96,199 |
| | | **967,931** | **821,481** | **502,891** |
| | | **1,496,583** | **1,345,104** | **1,030,091** |

# CONSOLIDATED CASH FLOW STATEMENT

## FOR THE FINANCIAL YEAR 2018/19

| FIGURES IN THOUSAND EUR | 2018/19 | 2017/18 corrected [1)] |
|---|---|---|
| Earnings after tax | 81,965 | 53,698 |
| Deferred taxes | 52 | 8,667 |
| Non-cash effective results: | | |
| From associates | -594 | 554 |
| Depreciation/reversals of write-downs | 51,511 | 45,925 |
| Change in non-current provisions | 534 | 450 |
| Gains/losses on disposal of non-current assets | -2,467 | -2,192 |
| **Consolidated cash flow from results** | **131,001** | **107,102** |
| Changes to the items: | | |
| Inventories | -24,412 | -14,918 |
| Trade receivables, contract assets and project consortiums | -20,447 | -73,804 |
| Intra-group receivables and receivables from other non-current investees and investors | 2,864 | 2,758 |
| Other receivables and assets | -39,806 | -3,159 |
| Current provisions | 32,544 | 16,136 |
| Trade payables, contract liabilities and project consortiums | 33,273 | 302,671 |
| Intra-group liabilities and liabilities to other non-current investees and investors | -1,881 | 1,641 |
| Other liabilities | 10,577 | -556 |
| **Consolidated cash flow from operating activities** | **123,713** | **337,871** |

[1)] Due to an error correction in accordance with IAS 8, the previous year's figures were adjusted retrospectively

| FIGURES IN THOUSAND EUR | Notes | 2018/19 | 2017/18 corrected [1)] |
|---|---|---|---|
| Investments | | -96,872 | -84,777 |
| Inflows from asset disposals | | 5,497 | 8,370 |
| Changes in scope of consolidation | | -5,469 | 0 |
| **Consolidated cash flow from investing activities** | | **-96,844** | **-76,407** |
| Changes in bonded debts | | 13 | -55,536 |
| Changes in liabilities to banks | | -13 | -1,225 |
| Changes in liabilities from finance leases | | -1,799 | -989 |
| Changes in group financing | | 134 | -6,625 |
| Paid hybrid coupon | | -1,321 | -1,323 |
| Distributions | | -10,000 | -10,000 |
| **Consolidated cash flow from financing activities** | | **-12,986** | **-75,698** |
| Consolidated cash flow from operating activities | | 123,713 | 337,871 |
| Consolidated cash flow from investing activities | | -96,844 | -76,407 |
| Consolidated cash flow from financing activities | | -12,986 | -75,698 |
| **Net change in liquid funds** | | **13,883** | **185,766** |
| Liquid funds at the beginning of the period | | 500,921 | 315,329 |
| Currency translation adjustment relating to liquid funds | | -6,594 | -174 |
| **Liquid funds at the end of the period** | (19) | **508,210** | **500,921** |

# DEVELOPMENT OF EQUITY

## FROM 1 APRIL 2017 TO 31 MARCH 2019

| FIGURES IN THOUSAND EUR | Registered capital | Capital reserves | Hybrid capital |
|---|---|---|---|
| **As of 1 April 2017 (so far)** | **7,705** | **58,269** | **30,462** |
| Error correction in accordance with IAS 8 | 0 | 0 | 0 |
| **As of 1 April 2017 (corrected)** | **7.705** | **58.269** | **30.462** |
| Earnings after tax | 0 | 0 | 0 |
| Differences arising from currency translation | 0 | 0 | 0 |
| Changes in revaluation reserves | 0 | 0 | 0 |
| Changes in Financial Instruments | 0 | 0 | 0 |
| Changes in actuarial gains and losses | 0 | 0 | 0 |
| Deferred taxes on neutral changes in equity | 0 | 0 | 0 |
| **Total comprehensive income** | **0** | **0** | **0** |
| Paid hybrid coupon | 0 | 0 | 0 |
| Distributions | 0 | 0 | 0 |
| **As of 31 March 2018** | **7,705** | **58,269** | **30,462** |
| Initial application of IFRS 15 and IFRS 9 | 0 | 0 | 0 |
| **As of 1 April 2018** | **7,705** | **58,269** | **30,462** |
| Earnings after tax | 0 | 0 | 0 |
| Differences arising from currency translation | 0 | 0 | 0 |
| Changes in revaluation reserves | 0 | 0 | 0 |
| Changes in Financial Instruments | 0 | 0 | 0 |
| Changes in actuarial gains and losses | 0 | 0 | 0 |
| Deferred taxes on neutral changes in equity | 0 | 0 | 0 |
| **Total comprehensive income** | **0** | **0** | **0** |
| Paid hybrid coupon | 0 | 0 | 0 |
| Non-controlling interests | 0 | 0 | 0 |
| Distributions | 0 | 0 | 0 |
| **As of 31 March 2019** | **7,705** | **58,269** | **30,462** |

| Revaluation reserves | Revenue reserves | Currency translation | Group equity | Non-controlling interests | Total |
|---|---|---|---|---|---|
| **10,151** | **221,716** | **-4,021** | **324,282** | **0** | **324,282** |
| 0 | -2,031 | 0 | -2,031 | 0 | -2,031 |
| **10.151** | **219,685** | **-4,021** | **322,251** | **0** | 322,251 |
| 0 | 53,698 | 0 | 53,698 | 0 | 53,698 |
| -51 | 0 | 639 | 588 | 0 | 588 |
| 290 | 0 | 0 | 290 | 0 | 290 |
| 0 | 187 | 0 | 187 | 0 | 187 |
| 0 | -1,286 | 0 | -1,286 | 0 | -1,286 |
| 32 | 275 | 0 | 307 | 0 | 307 |
| **271** | **52,874** | **639** | **53,784** | **0** | **53,784** |
| 0 | -1,323 | 0 | -1,323 | 0 | -1,323 |
| 0 | -10,000 | 0 | -10,000 | 0 | -10,000 |
| **10,422** | **261,236** | **-3,382** | **364,712** | **0** | **364,712** |
| 0 | 2,700 | 0 | 2,700 | 0 | 2,700 |
| **10,422** | **263,936** | **-3,382** | **367,412** | **0** | **367,412** |
| | | | | | |
| 0 | 82,151 | 0 | 82,151 | -186 | 81,965 |
| -74 | 0 | -1,351 | -1,425 | 0 | -1,425 |
| 267 | 0 | 0 | 267 | 0 | 267 |
| 0 | -1,004 | 0 | -1,004 | 0 | -1,004 |
| 0 | -1,896 | 0 | -1,896 | 0 | -1,896 |
| -24 | 644 | 0 | 620 | 0 | 620 |
| **169** | **79,895** | **-1,351** | **78,713** | **-186** | **78,527** |
| 0 | -1,321 | 0 | -1,321 | 0 | -1,321 |
| 0 | 0 | 0 | 0 | 64 | 64 |
| 0 | -10,000 | 0 | -10,000 | 0 | -10,000 |
| **10,591** | **332,510** | **-4,733** | **434,804** | **-122** | **434,682** |

# MODIFIED NOTES

## FOR THE FINANCIAL YEAR 2018/19

**General principles**

SWIETELSKY Baugesellschaft m.b.H., based in 4020 Linz, Edlbacherstraße 10, is the parent company of an international construction group whose business activities are split into five segments: Austria, Germany, Hungary, the Czech Republic and other countries.

Pursuant to Section 245a (2) of the Austrian Business Enterprise Code (UGB), the consolidated financial statements of SWIETELSKY Baugesellschaft m.b.H., Linz, of 31 March 2019 were generated in line with the mandatory provisions of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), including the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as applicable in the European Union. Additionally, the further duties of disclosure set out in Section 245a (1) UGB have been fulfilled.

In addition to the statement of comprehensive income and the balance sheet, a cash flow statement has been generated in line with IAS 7 and a statement of changes in equity has been prepared (IAS 1). The notes also contain a disclosure of business segments in line with IFRS 8.

In order to improve the clarity of the disclosures, various items in the balance sheet and income statement have been condensed. These items are broken down and explained in more detail in the notes. The income statement has been prepared using the total cost method (nature of expense format).

If not stated otherwise, the consolidated financial statements are set out in thousands of euros (kEUR), which can result in rounding differences. The term employee in the financial statements refers collectively to both male and female employees. Any other gender-specific designations should otherwise also be understood as referring to both sexes.

**Changes due to errors**

Due to a system error concerning the master data, the amount of the provision for severance payments for future termination benefits was not sufficiently recognised in the previous consolidated financial statements, although there was such an obligation within the meaning of IAS 19. For this reason, the consolidated financial statements as of 1 April 2017 (31 March 2017), 31 March 2018 and 31 March 2019 were adjusted accordingly. A total provision of kEUR 3,689 was therefore recognised, which reduced revenue reserves and group equity accordingly.

| FIGURES IN THOUSAND EUR | 1/4/2017 so far | adjustment | 1/4/2017 corrected | 31/3/2018 so far | accumulated adjustment | 31/3/2018 corrected |
|---|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | | | |
| **Equity** | | | | | | |
| Revenue reserves | 217,695 | -2,031 | 215,664 | 260,751 | -2,897 | **257,854** |
| | | | | | | |
| **Non-current liabilities** | | | | | | |
| Provisions | 22,005 | 2,031 | 24,036 | 22,875 | 2,897 | **25,772** |

[1] Due to an error correction in accordance with IAS 8, the previous year's figures were adjusted retrospectively

Due to the error correction, employee benefits expenses increased by kEUR 866 in the 2017/18 financial year and by kEUR 792 in the 2018/19 financial year. Accordingly, Earnings after tax decreased by that amount each. The consolidated cash flow statement was also adjusted in the items Earnings after tax and Change in non-current provisions in the amount of kEUR 866 each for the comparative period 2017/18 and in the amount of kEUR 792 each for 2018/19, resulting in an unchanged cashflow position for both reporting years. In addition, the consolidated financial statements as of 31 March 2019 have been restated in the revenue table in the Notes to the Consolidated Income Statement (see (1) Revenue).

**Amendments to the accounting standards**

| Standards / interpretations | | Application date IASB | Application date EU |
|---|---|---|---|
| IFRS 9 | Financial Instruments | 1/1/2018 | 1/1/2018 |
| IFRS 15 | Revenue from Contracts with customers | 1/1/2018 | 1/1/2018 |
| IFRS 2 | Classification and measurement of Share-based Payment transactions | 1/1/2018 | 1/1/2018 |
| IFRS 4 | Insurance Contracts | 1/1/2018 | 1/1/2018 |
| IAS 40 | Transfers of Investment Property | 1/1/2018 | 1/1/2018 |
| IFRIC 22 | Foreign Currency Transactions and Advance Consideration | 1/1/2018 | 1/1/2018 |
| Various | Annual Improvements to IFRS 2014-2016 | 1/1/2018 | 1/1/2018 |

The listed accounting standards have been implemented in these consolidated financial statements. The effects of the new standards IFRS 15 and IFRS 9 are explained below:

IFRS 15 specifies how and when an IFRS reporter will recognise revenue. The standard provides a single, principles-based five-step model to be applied to all contracts with customers.

Preparers are also required to provide users of financial statements with more informative, relevant disclosures than in the past.

SWIETELSKY has chosen the modified retrospective method for its first application on 1 April 2018, without applying

any relief provisions. The effects from first-time adoption were recognized directly in equity, which is why there was no retrospective adjustment of the comparative period.

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

| FIGURES IN THOUSAND EUR | 31/3/2018 corrected [1] | IFRS 15 adjustments | 1/4/2018 |
|---|---|---|---|
| **ASSETS** | | | |
| Inventories | 84,073 | -8,130 | 75,943 |
| Trade receivables | 354,857 | 11,932 | 366,789 |
| **EQUITY AND LIABILITIES** | | | |
| Revaluation reserves | 257,854 | 2,835 | 260,689 |
| Deferred taxes | 18,264 | 967 | 19,231 |

For construction contracts, the control of the created or enhanced assets is always with our customers. Revenue recognition continues to be made over time in the amount of the actual construction output. Own project development activities result in changes in the time of revenue recognition. IFRS 15 provides for pro rata profit realization for real estate projects already sold but not yet completed. At the time of first application, this results in an effect on revaluation reserves of kEUR 2,835. In accordance with IFRS 15, these projects are no longer reported under inventories but as contract assets in trade receivables.

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

| **FIGURES IN THOUSAND EUR** | **31/3/2019** | **Changes** | **31/3/2019 (without adoption of IFRS 15)** |
|---|---|---|---|
| **ASSETS** | | | |
| Inventories | 112,686 | 1,189 | 113,875 |
| Trade receivables | 380,270 | -21,211 | 359,058 |
| **EQUITY AND LIABILITIES** | | | |
| Equity | 434,682 | -2,344 | 432,338 |
| Provisions | 151,009 | -16,782 | 134,227 |
| Deferred taxes | 21,010 | -896 | 20,114 |
| Revenue | 2,672,762 | -21,211 | 2,651,551 |
| Change in inventories | -35,913 | 1,189 | -34,724 |
| Other operating expenses | -187,540 | 16,782 | -170,758 |
| Deferred taxes | -429 | 896 | 467 |

IFRS 9 takes a new approach to the categorisation and measurement of financial assets and distinguishes between two measurement categories (fair value or amortised cost), based on the business model of the entity or on the characteristics of the contractual cash flows of the financial asset. Impairments are to be measured using a holistic method. The impairment is based on the new model of expected credit loss.

SWIETELSKY has chosen the modified retrospective method for its first application on 1 April 2018.
All financial assets measured at amortised cost fulfil the criteria of IFRS 9 that only solely payments of principal and interest (SPPI criterion).

[1] Due to an error correction in accordance with IAS 8, the previous year's figures were adjusted retrospectively

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

| FIGURES IN THOUSAND EUR | 31/3/2018 corrected [1)] | IFRS 9 adjustments | 1/4/2018 |
|---|---|---|---|
| **ASSETS** | | | |
| Trade receivables | 354,857 | -180 | 354,677 |
| Deferred taxes | 7,055 | 45 | 7,100 |
| **EQUITY** | | | |
| Revaluation reserves | 257,854 | -135 | 257,719 |

The reclassifications of the measurement categories as of 1 April 2018 are as follows:

| FIGURES IN THOUSAND EUR | Category to IFRS 9 | Carrying amount 1/4/2018 | Category to IAS 39 | Carrying amount 31/3/2018 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Other financial assets | AC | 15,415 | AfS | 15,809 |
| Loans | AC | 3,437 | LaR | 3,043 |
| Receivables from construction contracts | | | N/A | 157,975 |
| Trade receivables | AC | 354,857 | LaR | 196,882 |
| Other financial receivables | AC | 40,916 | LaR | 40,916 |
| Cash-in-hand, bank balances | AC | 440,921 | LaR | 440,921 |
| Securities | FVPL | 66,846 | AfS | 66,846 |
| **LIABILITIES** | | | | |
| Financial liabilities | AC | 81,419 | FLaC | 78,475 |
| Liabilities from finance lease | | | N/A | 2,944 |
| Liabilities from construction contracts | | | N/A | 297,309 |
| Trade payables | AC | 657,135 | FLaC | 359,826 |
| Other financial liabilities | AC | 12,960 | FLaC | 12,960 |

Amortised Cost (AC)
Fair Value through Profit & Loss (FVPL)

Available for Sale (AfS)
Loans and Receivables (LaR)
Financial Liabilities at amortised Cost (FLaC)

Majority of the trade receivables relate to ongoing construction projects. The general credit risk can be classified as low, because of the broad diversification of customers, the current advances for construction projects and the public sector as an important customer. The expected credit loss was determined on a collective basis.

Shares in affiliated companies, joint ventures or associates not included in the consolidated financial statements that are outside the scope of IFRS 9 are still measured at amortised cost for reasons of materiality.

**Future amendments to the accounting standards**

The following new or modified standards and interpretations already published by the IASB were not yet mandatory for financial years that started on or before 1 April 2018:

| **Standards / Interpretationen** | | **Application date IASB** | **Application date EU** |
|---|---|---|---|
| IFRS 9 | Amendments to Financial Instruments | 1/1/2019 | 1/1/2019 |
| IFRS 16 | Leases | 1/1/2019 | 1/1/2019 |
| IFRS 14 | Regulatory Deferral Accounts | 1/1/2016 | na |
| IFRIC 23 | Uncertainty over Income Tax Treatments | 1/1/2019 | na |
| IAS 28 | Long-term Interests in Associates and Joint Ventures | 1/1/2019 | na |
| Various | Annual improvements to IFRS 2015-2017 | 1/1/2019 | na |
| IAS 19 | Plan amendment, curtailment or settlement | 1/1/2019 | na |
| | Conceptual framework | 1/1/2020 | na |
| IFRS 3 | Amendments to Business Combinations | 1/1/2020 | na |
| IAS 1 and IAS 8 | Amendments to Definition of Material | 1/1/2020 | na |
| IFRS 17 | Insurance Contracts | 1/1/2021 | na |
| IFRS 10, IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | na | na |

The application of the following standards and interpretations in particular is expected to have an effect on the consolidated financial statements:

**IFRS 16** results in changes in accounting for leases and replaces the previous standard IAS 17 and the related interpretations in accounting for leases (IFRIC 4, SIC-15 and SIC-27). In future, for an asset from a lease, the lessee shall classify a usage right as an asset. Classify the lease as a liability and to continue both values. There is relief for terms under 12 months and for low-value assets. The accounting remains virtually unchanged for the lessor.

SWIETELSKY Baugesellschaft m.b.H. will adopt IFRS 16 on 1 April 2019 using the modified retrospective method. The prior year comparison period will not be adjusted. The practical expedients for short-term leases with a term of twelve months or less and low value leases will be elected. The option not to consider the initial direct costs of existing leases on 1 April 2019 is exercised. Leases expiring by 31 March 2020 are no longer considered.

Initial balance sheet recognition of right-of-use assets and lease liabilities results in a balance sheet change in the amount of mEUR 112.5. This is based on annual lease payments of mEUR 35.4, which were previously recorded in EBITDA.

Leases will be recognized in profit or loss as depreciation and interest expense. For the financial year 2019/20 depreciation in the amount of MEUR 19.1 and interest expenses in the amount of MEUR 2.0 are expected.

The operating leases liabilities contain expenses for low value leases and short-term leases. As the ongoing lease payments are assigned to cash flow from financing activities, there will be a shift of the lease payments from the cashflow from operating activities to the cashflow from financing activities.

Due to the application of other new standards and interpretations, it is expected to have only a minor impact on the consolidated financial statements in the future. Early application of the new standards and interpretations is not planned.

**Basis of consolidation**

Besides SWIETELSKY Baugesellschaft m.b.H., all major domestic and foreign subsidiaries controlled by the parent company have been included in the consolidated financial statements of 31 March 2019.

For control, the following criteria must be met:

- The parent company has power over the investee.
- The returns of the investment are variable.
- The parent company has the ability to use its power over the investee to affect the amount of its returns.
- If there are indicators that at least one of these criteria has changed with regard to the investee, the parent company must re-assess whether or not it has control.
- Regardless of the majority of voting rights, power – and therefore control over an investee – can be acquired through other rights and contractual agreements which give the parent company the opportunity to influence the activities that affect the investee’s returns.

The basis of consolidation does not include 25 (previous year: 29) companies whose influence on the financial position, cash flows and results of operations of the group are of lesser significance. The volume of turnover of the subsidiaries not included in the basis of consolidation is approximately 0.9%, of the group’s revenue.

Companies currently included in the consolidated financial statements can be found in the list of investments. The balance sheet date for all fully consolidated companies is 31 March 2019.

In the 2018/19 financial year, the basis of consolidation developed as follows:

| | Full consolidation | Equity measurement |
|---|---|---|
| As of 1 April 2018 | 52 | 3 |
| *of which foreign companies* | *24* | *2* |
| Initial consolidations | 5 | 0 |
| Deconsolidations | 3 | 0 |
| **As of 31 March 2019** | **54** | **3** |
| *of which foreign companies* | *27* | *2* |

### Additions to scope of consolidation

In these consolidated financial statements, the following companies were fully consolidated for the first time:

| Company name | Direct share | Date of acquisition |
|---|---|---|
| Terratop Hobmaier Verwaltungs GmbH | 80%[1)] | 13/6/2018 |
| Terratop Hobmaier GmbH & Co. KG | 80%[1)] | 13/6/2018 |
| JB Stavební s.r.o. | 100% | 11/5/2018 |
| Ing. Baierl Gesellschaft m.b.H. | 100% | 5/10/2018 |
| Detect Rail Technologies GmbH | 100% | 8/3/2019 |

[1)] Purchase option for the remaining 20%

Per assignment contract from 30 August 2018, 100% of the shares of Ing. Baierl Gesellschaft m.b.H. were acquired, the closing of the transaction took place on 5 October 2018. The acquired assets and liabilities are allocated to the purchase price as follows:

| Acquired assets and liabilities | FIGURES IN THOUSAND EUR |
|---|---|
| Non-current assets | 2,496 |
| Current assets | 2,798 |
| Non-current liabilities | -623 |
| Current liabilities | -2,686 |
| **Consideration (purchase price)** | **1,985** |
| Acquired cash and cash equivalents | -1,372 |
| **Net cash outflow from acquisition** | **613** |

Per assignment contract from 5 March 2019, 100% of the shares of Detect Rail Technologies GmbH were acquired. The acquired assets and liabilities are allocated to the purchase price as follows:

| **Acquired assets and liabilities** | **FIGURES IN THOUSAND EUR** |
|---|---|
| Non-current assets | 5,158 |
| Current assets | 2,853 |
| Non-current liabilities | -882 |
| Current liabilities | -4,023 |
| **Consideration (purchase price)** | **3,106** |
| Other cash purchase price components | 2,654 |
| Non-cash purchase price components | -1,000 |
| Acquired cash and cash equivalents | -330 |
| **Net cash outflow from acquisition** | **4,430** |

The initial consolidation of the other companies did not include any significant assets and liabilities, Companies included for the first time were consolidated at the date of acquisition or a near reporting date, provided this had no significant difference to an inclusion at the date of acquisition.

The companies included for the first time in the 2018/19 financial year has contributed kEUR 5,742 to the group revenue and kEUR -1,301 to the comprehensive income.

### Disposals from scope of consolidation

In the consolidated financial statements as of 31 March 2019, the following companies were no longer included in the scope of consolidation:

| **Company name** | |
|---|---|
| Metallbau Wastler GmbH | Merger |
| Metallbau Wastler GmbH & Co. KG | Merger/Accretion |
| SILMEX s.r.o. | Merger |

Companies listed under Merger/Accretion were merged with already consolidated companies or, because of accretion, formed part of consolidated companies. Effects on the consolidated financial statements as of 31 March 2019 due to the deconsolidation are of minor significance.

**Consolidation methods**

The financial statements of the domestic and foreign companies included in the basis of consolidation have been generated using standard accounting and valuation methods. The financial statements of the domestic and foreign group companies have been adapted accordingly; negligible deviations have not been changed.

The capital consolidation was carried out using the acquisition method in accordance with the provisions of IFRS 3. The consideration transferred during the purchase and the identifiable net assets received have been measured at fair value. The resulting goodwill is subjected to an annual impairment test. The income from an acquisition at a price lower than the market value is recognised directly as profit or loss.

Regarding the other non-current equity investments included using the equity method, the same principles are used for capital consolidation as for fully consolidated companies, whereby the last available financial statements are used as the basis of the equity consolidation. Amendments to the IFRS accounting standards are made on the principle of materiality.

As part of the consolidation of debt, trade receivables, loans and other receivables are offset against the corresponding liabilities and provisions between the subsidiaries included in the consolidated financial statements.

Expenses and income from intra-group trade are eliminated. Intercompany profit and loss in the fixed and current assets resulting from intra-group trade is eliminated unless it is of lesser significance. The necessary taxes are deferred for consolidation measures recognised in net profit or loss.

**Currency translation**

The currency of the group is the Euro, Financial statements of foreign companies are translated into Euros in line with the concept of functional currency. For all companies this is the currency of the country as the companies run their business independently in financial, economic and organisational terms.

The translation of all balance sheet headings, except for those of the equity, is carried out based on the exchange rate on the balance sheet date. Income and expense items are translated using the average annual exchange rate. Goodwill from the capital consolidation is recognised as assets in the local currency and is also translated using the exchange rate on the balance sheet date.

In the financial year, currency translation differences of kEUR -1,425 (previous year: kEUR 588) were recorded in other comprehensive income as part of the capital consolidation and reported in the currency translation provision in equity. Differences resulting from currency translation between the exchange rate on the balance sheet date within the balance sheet and the average exchange rate used in the income statement were also recognised in other comprehensive income and offset against the currency translation provision in the equity.

Revaluations under IAS 29 (Financial Reporting in Hyperinflationary Economies) were not carried out.

# ACCOUNTING AND VALUATION METHODS

## OF SWIETELSKY BAUGESELLSCHAFT M.B.H., LINZ

**Intangible assets and property, plant and equipment**

The goodwill resulting from mergers is subjected to an annual impairment test. In this test, the recoverable amount of a cash-generating unit is compared to the corresponding carrying amount. The cash-generating unit is the acquired legal entity and legal entities that benefit from the potential synergy of the merger, respectively.

As there are not normally market prices for individual entities, the present value of the net cash inflows is used to calculate the fair value less costs of disposal. It is calculated based on current forecasts in internal reports which in turn are based on experience and expectations in connection with future market developments. The detailed planning period is three years; planning years further in the future will be more heavily weighted. The discount rate for the future cash flows corresponds to the weighted average cost of capital (WACC) after taxes, which is calculated based on a peer group. The costs of capital ranged from 6% to 10%.

Intangible assets and property, plant and equipment are initially recognised at historical cost. The cost model is used for subsequent measurement: Acquisition or production costs less scheduled depreciation and impairment. The revaluation model is used for the land, land rights and buildings asset group, including buildings on third-party land. The comparative approach was used to calculate the fair values. Differences resulting from the revaluation, minus deferred taxes, are offset directly against equity.

Lease contracts based on which the company faces essentially all opportunities and risks associated with the assets are treated as finance leases. They are capitalised at the lower of the fair value of the asset or the present value of the minimum lease payments. Depreciation occurs as scheduled over the foreseeable useful life or contractual term, whichever is shorter.

Payment obligations from future leasing rates are classified as liabilities. In this regard, the present value of the minimum lease payments must be used. In the following years, lease rates are split into interest and amortisation components in order that the lease obligation constantly bears interest. The interest component is recognised in net profit or loss. Expenses for operating lease contracts are recognised on a linear basis in the income statement across the terms of the contracts in question.

The depreciation of limited-life asset is linear across the asset's foreseeable useful life. If, in connection with assets, indications of impairments arise and if the present values of future cash flows are lower than the carrying amounts, the assets will be written down to the lower fair value under IAS 36.

Expenses for repairs and maintenance work which do not significantly extend the planned useful life of an asset are recognised as expenses in the period in which they arose.

The following assumed useful lifes were used when calculating the depreciation rates:

| **Intangible assets:** | |
|---|---|
| Software and licences | 2 – 4 years |

| **Property, plant and equipment:** | |
|---|---|
| Buildings | 10 – 50 years |
| Technical equipment and machinery | 2 – 20 years |
| Other equipment, operating and office equipment | 2 – 20 years |

### Financial assets

Financial assets are recognised in the consolidated balance sheet if SWIETELSKY has a contractual right to receive cash or other financial assets from another party. Regular way purchases and sales of financial assets are recognised using settlement date accounting.

Financial assets that are not measured at fair value through profit or loss are initially recognised at fair value plus transaction costs which are directly attributable to the acquisition. Transaction costs which arise upon the acquisition of financial assets measured at fair value through profit or loss are immediately recognised as an expense. Receivables bearing no interest or interest below the market rate are initially recognised at the present value of the expected future cash flows.

For purposes of subsequent measurement, financial assets are classified in one of the following categories in accordance with IFRS 9, with each category having its own measurement requirements. The classification is determined at initial recognition. For measurement and accounting purposes, financial assets are to be assigned to one of the following categories:

- Financial assets measured at amortised cost (AC)
- Financial assets measured at fair value through profit or loss (FVPL)
- Financial assets, classified as debt instruments under IAS 32, measured at fair value through other comprehensive income (FVOCI-debt)
- Financial assets, classified as equity instruments under IAS 32, measured at fair value through other comprehensive income (FVOCI-equity)

### Derivative financial instruments and hedging

Derivative financial instruments are employed exclusively to mitigate risks arising from movements in currency exchange rates and are classified as measured at fair value at the date of contract conclusion. Derivative financial instruments are initially recognised at cost and measured at fair value in subsequent periods. Unrealised gains or losses on the measurement are recognised in the income statement if the conditions for hedge accounting under IFRS 9 are not met. If these conditions are met, the effective part of the fair value change in other comprehensive income and the ineffective part are recognised immediately in the cash flow hedge of a recognised receivable, liability or highly probable forecast transaction Income statement recognised.

Derivative financial instruments are stated under other financial assets or other financial liabilities. Derivative financial instruments are measured based on observable market data and non-observable market data. The fair value is determined using generally accepted methods of mathematical finance.

### Inventories

Inventories are measured at historical cost or at their lower net realisable value. The historical costs include all direct costs and reasonable portions of the overheads accrued during production/acquisition. Sales costs and the costs of general management are not included in the historical costs. In accordance with IAS 23, the attributable borrowing costs have been capitalised for inventories classified as qualifying assets.

**Contract assets and contract liabilities**

Contract assets comprise contracts specifically negotiated for the construction of buildings (construction contracts). In the case of construction contracts, revenue is recognised over time. To determine revenue over a specific period, it is necessary to measure the stage of completion, which is based on the output generated at the reporting date (output method).

If one of the parties has fulfilled its contractual obligations in part, the entity must recognise the contract as a contract asset or a contract liability, depending on whether the entity has rendered the service, or the customer has made the payment.

If the measured service rendered as part of a construction contract should exceed the prepayments received, it will be recognised as an asset under receivables from construction contracts. If the opposite should happen, the service will be recognised as a liability under trade payables.

The allocation of the transaction price to each performance obligation from construction contracts with customers is made based on the work estimate for the respective stand-alone item. Contractual penalties or bonus payments during the construction period may lead to amendments of the transaction price.

Payments for construction contracts are usually made parallel to the performance based on regular invoicing. Payments of advance consideration before the actual performance are common practice.

**Impairment of financial assets**

SWIETELSKY relies on expected credit losses in accordance with IFRS 9 to recognise impairment losses. The expected loss impairment model is based on financial instruments accounted for at amortised cost on non-current assets and debt instruments, which are accounted for at fair value in equity.

The impairment model of IFRS 9 calls for the formation of a risk provision in the amount of the twelve-month expected credit loss (stage 1). Should a significant increase in the credit risk occur, then the lifetime expected credit loss is recognised (stage 2). If there is objective evidence of actual impairment, then stage 3 applies. This does not necessarily result in the recognition of additional impairment, although an adjustment of cash flows to the net book value is required for financial instruments recognised under application of the effective interest method.

For trade receivables and contract assets, the simplification rules of IFRS 9 (simplified approach) were applied. This means that the valuation allowance for these assets is at least at the level of the credit losses expected over the term. The general impairment model applies to all other financial instruments mentioned above.

SWIETELSKY draws on all available information when evaluating the significant increase in the credit risk after the initial measurement and when estimating the expected credit loss. This includes historic data, future-oriented information and internal and external credit ratings.

**Deferred taxes**

The balance sheet liability method is used to calculate the tax accrual for all temporary differences between the carrying amounts of the balance sheet headings in the IFRS consolidated financial statements and the existing tax values in the various companies. Furthermore, the expected tax benefit from existing loss carryforwards is included in the calculation. Exceptions from this comprehensive tax accrual are differences from non-tax-deductible goodwill as well as temporary differences relating to investments in subsidiaries and associates, if the group can control the reversal of these differences yet does not intend to do so.

Deferred tax assets are only accounted for if it is likely that the tax benefit they contain can be realised. The calculation of deferred tax is based on the standard income tax rate in the country in question on the date of the probable reversal of the value difference.

## Provisions

Due to the statutory provisions, provisions for severance payments have been made in Austria. Provisions for severance payments are calculated based on actuarial evaluations. In this regard, the probable entitlement over the term of employment of an employee is collected with consideration for salary increases in the future. The present value of the partial entitlement earned by the balance sheet date is accounted for as a provision.

Pension provisions are calculated using the projected unit credit method. In the projected unit credit method, the discounted pension entitlement acquired by the balance sheet date is calculated.

Due to the applicability of IAS 19 (2011), changes to the calculation parameters (actuarial gains and losses) are recognised directly in other comprehensive income, minus deferred taxes.

The other provisions cover all identifiable risks and liabilities whose amounts or grounds are unknown. Essentially, these are provisions for guarantees, expected losses, remaining and subsequent work and process costs. Each is accounted for at the amount judged to be necessary on the balance sheet date to cover future payment obligations of the group. In each case, the amount proving to be the most probable after a careful examination of the matter is accounted for.

Unless they are of lesser significance, non-current provisions are recognised at their discounted settlement value on the balance sheet date. The settlement value also includes the cost increases to be considered on the balance sheet date.

## Financial liabilities

The financial liabilities comprise non-derivative liabilities and derivatives with a negative fair value at the balance sheet date.

Non-derivative financial liabilities are recognised in the consolidated balance sheet if SWIETELSKY has a contractual obligation to transfer cash or other financial assets to another party. Initial recognition of non-derivative financial liabilities is made at fair value. As part of the subsequent measurement of non-derivative financial liabilities at amortised cost, any premiums, discounts or other differences between the cash inflow and the repayment amount are distributed over the financing term using the effective interest method and stated on an accruals basis in interest expense.

Financial liabilities that are not measured at fair value through profit or loss are initially recognised at fair value plus transaction costs, which are directly attributable to the acquisition. Differing thereof transaction costs which arise upon the acquisition of financial liabilities measured at fair value are immediately recognised as an expense.

## Contingent liabilities

Contingent liabilities are potential or existing liabilities for which an outflow of resources is not probable. They are not recognised in the balance sheet. The obligations disclosed under contingent liabilities correspond to the liabilities that exist on the balance sheet date.

## Revenue recognition

Revenue from construction contracts are continuously recognised pursuant to IFRS 15. The output method based on the output generated at the reporting date is used for the revenue recognition over time. Addenda in the sense of construction contracts are services which cannot be billed due to the contractual agreements, as an agreement is yet to be reached with the client in connection with their chargeability and acknowledgement. Whereas costs are immediately recognised in net profit or loss when they are accrued, revenue from addenda is generally only realised after the client provides his/her written acknowledgement or with payment, if the payment is received before the written acknowledgement.

Revenue from trade, services for project consortiums, other services and resulting from the sale of construction materials is recognised upon the transfer of power of disposal and the associated opportunities and risks, or upon the performance of the service. If the real estate projects are sold the revenue is recognised pro rata based on the degree of completion of the work.

**Estimates and assumptions**

Estimates and assumptions concerning the amount and recognition of assets and liabilities on the balance sheet, income and expenses and the disclosure of contingent liabilities are necessary when generating the consolidated financial statements in accordance with IFRS and essentially concern the assessment of construction projects until the end of construction, especially the amount of realised profits, the recognition and measurement of provisions and impairment tests on assets.

For future-based assumptions and estimates on the balance sheet date, prevailing circumstances on the date of the generation of the consolidated financial statements and the realistic future development of global and industry-specific environments are taken into consideration regarding the expected levels of business in the future.

Changes to these general conditions that deviate from assumptions can cause the amounts generated to differ from estimated values. In the event of such a development, assumptions and, if necessary, the carrying amounts of the assets and liabilities in question will be adjusted considering the new knowledge. On the date of the generation of the consolidated financial statements, there are no indications to imply that major changes to fundamental assumptions and estimates are necessary.

# CONSOLIDATED INCOME STATEMENT

## NOTES ON THE ITEMS

### (1) Revenue

| FIGURES IN THOUSAND EUR | Austria | Germany | Hungary | Czech Republic | Other countries | Group |
|---|---|---|---|---|---|---|
| Road construction | 195,137 | 140,233 | 105,651 | 141,178 | 25,333 | 607,532 |
| Railway construction | 141,691 | 30,164 | 176,914 | 56,285 | 98,065 | 503,118 |
| Building construction | 671,008 | 137,178 | 62,380 | 78,938 | 4,278 | 953,782 |
| Civil engineering | 291,241 | 93,690 | 38,475 | 44,365 | 22,779 | 490,550 |
| Tunnel construction | 117,780 | 0 | 0 | 0 | 0 | 117,780 |
| **Revenue** | **1,416,857** | **401,265** | **383,420** | **320,765** | **150,455** | **2,672,762** |
| over time | 1,380,930 | 400,419 | 362,656 | 315,263 | 147,728 | 2,606,995 |
| at a point in time | 35,927 | 846 | 20,764 | 5,503 | 2,727 | 65,767 |

Revenues of kEUR 2,672,762 (previous year: kEUR 2,213,417) relate exclusively to proceeds from contracts with customers, including revenue from construction contracts, revenue from developer projects, trade to and services for project consortia, as well as other services.

The revenue from the completion of contracts, which contain the partial profits recognised over a given period based on the degree of completion of each contract (the percentage of completion method), are kEUR 2,606,995 (previous year: kEUR 2,159,060).

Revenue provides only an incomplete picture of the construction output generated in the financial year. Additionally, therefore, the segment report illustrates the full output of the group which also contains the proportional services of the project consortiums, unconsolidated companies and companies recognised at equity.

### (2) Other operating income

| FIGURES IN THOUSAND EUR | 2018/19 | 2017/18 |
|---|---|---|
| Profits from the sale of tangible fixed assets | 2,467 | 2,192 |
| Insurance refunds | 7,167 | 5,431 |
| Currency translation gains | 3,828 | 1,553 |
| Furtherances | 1,352 | 1,043 |
| Others under kEUR 1,000 | 1,681 | 5,419 |
| | **16,495** | **15,638** |

### (3) Expenses for material and other purchased construction output

The cost of purchased services concerns subcontractors and tradesmen, as well as planning services, equipment rentals and other third-party services:

| FIGURES IN THOUSAND EUR | 2018/19 | 2017/18 |
|---|---|---|
| Cost of materials | -602,622 | -501,706 |
| Cost of purchased services | -1,124,059 | -953,021 |
| | **-1,726,681** | **-1,454,727** |

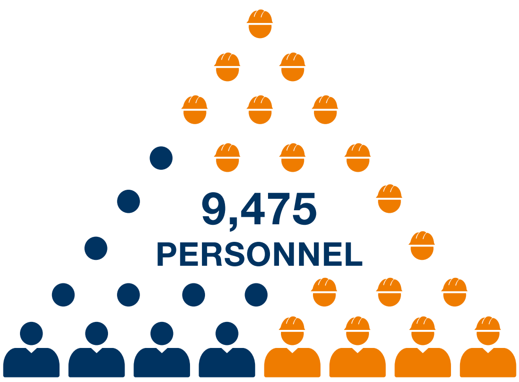
### (4) Employee benefits expenses

| FIGURES IN THOUSAND EUR | 2018/19 | 2017/18 corrected [1] |
|---|---|---|
| Wages | -261,815 | -231,154 |
| Salaries | -215,256 | -188,896 |
| Expenses for severance payments and payments into employee welfare funds | -11,747 | -10,649 |
| Post-employment benefit costs | -489 | -452 |
| Expenses for mandatory social security contributions and income-based contributions and compulsory contributions | -115,268 | -105,843 |
| Voluntary social security expenses | -8,301 | -7,316 |
| | **-612,876** | **-544,310** |

Expenses for severance payments and payments into employee welfare and pension funds contain service costs and interest component of the addition to the provision. The expenses from defined pension schemes are kEUR 9,259 (previous year: kEUR 8,277).

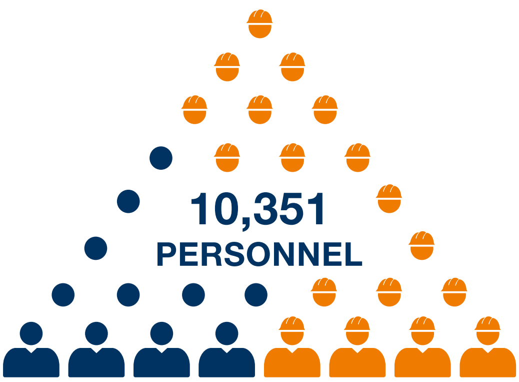
The average number of employees is as follows:

**2017/18**




Average number of
blue-collar worker 6,151 / white-collar worker 3,324

**2018/19**




Average number of
blue-collar worker 6,711 / white-collar worker 3,640

### (5) Depreciation and amortisation

Scheduled depreciation and write-downs of intangible assets, property, plant and equipment are set out in the statement of changes in fixed assets. In the financial year, no impairment losses on property, plant and equipment were recognized (previous year: kEUR 0) and no impairment of goodwill (previous year: kEUR 1,126) was recognised.

### (6) Other operating expenses

| FIGURES IN THOUSAND EUR | 2018/19 | 2017/18 |
|---|---|---|
| Operating taxes | -5,070 | -4,111 |
| Rentals and leases | -37,349 | -35,714 |
| Maintenance and service | -15,441 | -14,066 |
| Insurance expenses | -17,898 | -15,181 |
| Projects, planning, monitoring | -8,143 | -7,800 |
| Vehicle expenses, fleet | -11,421 | -9,499 |
| Travel expenses | -12,182 | -10,478 |
| Advertising, public relations | -15,920 | -14,752 |
| Legal and tax advice, audits | -6,294 | -6,461 |
| Currency translation losses | -4,827 | -1,778 |
| Other provisions | -16,377 | -1,154 |
| Others under kEUR 5,000 | -36,618 | -28,464 |
| | **-187,540** | **-149,458** |

Expenses for research and development result from several specific technical proposals, real projects on the market and the introduction of construction methods and products to the market and were therefore recognised as expenses in their entirety. The impairments for expected credit losses in accordance with IFRS 9 are included in other operating expenses and did not result in a material change compared to the previous year.

The expenses accrued for the financial year for the group auditor KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft total kEUR 324, of which kEUR 313 results from the audit of the consolidated financial statements (including the financial statements of various affiliated companies) and kEUR 11 results from other services.

### (7) Share of results of associates

| FIGURES IN THOUSAND EUR | 2018/19 | 2017/18 |
|---|---|---|
| Income from associated companies | 4,194 | 2,946 |
| Profit from project consortiums | 16,558 | 14,888 |
| Losses from project consortiums | -3,549 | -944 |
| | **17,203** | **16,890** |

### (8) Net income from investments

| FIGURES IN THOUSAND EUR | 2018/19 | 2017/18 |
|---|---|---|
| Income from non-current equity investments | 4,581 | 4,175 |
| Losses from non-current equity investments | -137 | -3,949 |
| | **4,444** | **226** |

### (9) Income tax

Both the taxes on income and deferred taxes paid or owed by the various companies are recognised as taxes on income:

| FIGURES IN THOUSAND EUR | 2018/19 | 2017/18 |
|---|---|---|
| Actual taxes | -25,037 | -14,408 |
| Deferred taxes | -429 | -9,095 |
| | **-25,466** | **-23,503** |

The following tax components are recognised directly in equity in the statement of comprehensive income:

| FIGURES IN THOUSAND EUR | 2018/19 | 2017/18 |
|---|---|---|
| Changes to Financial Instruments | 170 | -46 |
| Changes in actuarial gains and losses | 474 | 321 |
| Changes to revaluation reserves | -24 | 32 |
| | **620** | **307** |

The causes of the difference between the Austrian group tax rate of 25% and the recognised group tax rate are as follows:

| FIGURES IN THOUSAND EUR | 2018/19 | 2017/18 corrected [1)] |
|---|---|---|
| **Earnings before tax** | **107,431** | **77,201** |
| Theoretical tax expenditure of 25% | 26,858 | 19,300 |
| Differences to foreign tax rates | -4,033 | -2,456 |
| Tax-neutral expenses and income | 4,546 | 3,425 |
| Tax-free investment income / equity measurement of associated companies | -1,322 | -1,760 |
| Changes to estimates of deferred taxes | -320 | 741 |
| Aperiodic effects and other non-temporary differences | -263 | 4,253 |
| **Recognised income tax expense** | **25,466** | **23,503** |

### (10) Intangible assets and property, plant and equipment

The composition and development of the intangible assets, goodwill and property, plant and equipment are set out in the consolidated statement of changes in fixed assets. No borrowing costs were capitalised in the financial year as no major qualifying assets were acquired or produced.

***Goodwill***

The goodwill on the balance sheet date results from the following mergers:

| FIGURES IN THOUSAND EUR | 31/3/2019 | 31/3/2018 |
|---|---|---|
| Swietelsky Vasuttechnika Kft. | 4,458 | 4,458 |
| Bahnbau Petri Hoch- und Tiefbau Gesellschaft m.b.H. | 2,244 | 2,244 |
| SWIETELSKY stavebni s.r.o. | 1,157 | 1,157 |
| Detect Rail Technologies GmbH | 765 | 0 |
| Metallbau Wastler GmbH | 701 | 701 |
| Ing. Baierl Gesellschaft m.b.H. | 700 | 0 |
| Swietelsky Baugesellschaft m.b.H., Traunstein | 565 | 565 |
| | **10,590** | **9,125** |

The comparison of the carrying amounts with the recoverable amounts of the cash-generating units determined by the annual impairment test revealed no need for devaluation (previous year: kEUR 1,126).

***Property, plant and equipment***

The cumulative amount of the revaluations for the asset group of land, land rights and buildings, including buildings on third-party land, is kEUR 13,028 (previous year: kEUR 12,847) on the balance sheet date. The carrying amount that would result from measurement at amortised cost is kEUR 123,161 (previous year: kEUR 115,436).

The property, plant and equipment were revalued based on the independent appraisal of:

| | | |
|---|---|---|
| Weismann+Pitschmann | from 20/2/2017 | for Austria |
| HUNGAVENT Pénzügyi és Befektetési Tanácsadó Kft | from 29/3/2019 | for Hungary |
| SC LOUISIANA SRL | from 31/3/2018 | for Romania |

*Financial leases*

| FIGURES IN THOUSAND EUR | 31/3/2019 | 31/3/2018 |
|---|---|---|
| **Property** | | |
| Acquisition costs | 2,431 | 3,847 |
| Accumulated depreciation | -1,556 | -2,252 |
| **Carrying amount** | **875** | **1,595** |
| **Machines and equipment** | | |
| Acquisition costs | 319 | 7,227 |
| Accumulated depreciation | -83 | -5,975 |
| **Carrying amount** | **237** | **1,252** |

In contrast, liabilities from the present value of the finance leases are recognised at kEUR 1,171 (previous year: kEUR 2,944). The terms of the finance leases for property are 25 years and those for machines and equipment are 4 – 8 years.

The following liabilities will result from these lease contracts in coming financial years:

| | Present values | | Minimum lease payment | |
|---|---|---|---|---|
| **FIGURES IN THOUSAND EUR** | **31/3/2019** | **31/3/2018** | **31/3/2019** | **31/3/2018** |
| Term up to one year | 111 | 1,318 | 97 | 1,368 |
| Term between one and five years | 290 | 500 | 318 | 521 |
| Term over five years | 770 | 1,127 | 829 | 1,250 |
| | **1,171** | **2,944** | **1,243** | **3,139** |

The reconciliation of minimum leasing payments on the liabilities set to 31 March from finance leases are as follows:

| FIGURES IN THOUSAND EUR | 31/3/2019 | 31/3/2018 |
|---|---|---|
| Minimum lease payments | 1,243 | 3,139 |
| Interest | -72 | -195 |
| **Lease obligation** | **1,171** | **2,944** |

***Operating leases***

Besides the financial lease contracts, operating lease contracts exist for the use of technical equipment and machinery and operating and office equipment. The expenses from these contracts are recognised in net profit or loss. The payments made in the financial year totalled kEUR 37,349 (previous year: kEUR 35,714). The following liabilities will result from these operating lease contracts in coming financial years:

| FIGURES IN THOUSAND EUR | 31/3/2019 | 31/3/2018 |
|---|---|---|
| Term up to one year | 38,720 | 16,608 |
| Term between one and five years | 51,327 | 45,611 |
| Term over five years | 46,054 | 57,192 |
| | **136,101** | **119,410** |

***Restrictions on disposition / purchase obligations***

No restrictions on disposition or material obligations in connection with the acquisition of fixed assets that are not already accounted for in the consolidated financial statements exist as of the balance sheet date.

### (11) Non-current financial assets and investments in associates

More detailed information on the group's investments (with shareholdings of over 20%) can be found in the list of investments.

#### *Disclosures on associated companies*

Associated companies are not listed on the stock exchange; the summarised financial information (100%) is as follows:

| FIGURES IN THOUSAND EUR | 31/3/2019 | 31/3/2018 |
|---|---|---|
| Revenue | 113,969 | 98,315 |
| Earnings after tax | 8,218 | 7,095 |
| Other income | -355 | 1,424 |
| Total comprehensive income | 7,863 | 8,519 |
| | | |
| Non-current fixed assets | 90,219 | 89,341 |
| Current fixed assets | 33,101 | 24,894 |
| Non-current liabilities | -74,260 | -71,328 |
| Current liabilities | -29,327 | -23,837 |
| Net assets | 19,733 | 19,070 |

***Disclosures on project consortiums***

Within the group, construction project consortiums are classified as joint ventures and their results are recognised under share of results of associates. The table below shows the largest project consortiums for the financial year 2018/19.

| Project consortium | (short) | Share in % |
|---|---|---|
| ARGE ATCOST 21 | ATCOST | 15.00 |
| ARGE Tunnel Fröschnitzgraben | ATF | 50.00 |
| ARGE Tunnel Albaufstieg | ATA | 21.00 |
| ARGE A7 Voest-Brücke | A7 VB | 58.00 |
| ARGE Bahntechnik Schwäbische Alb | ABSA | 50.00 |

100% of the financial information has been disclosed.

| FIGURES IN THOUSAND EUR | Revenue | Non-current assets | Current assets | thereof cash and cash equivalents | Non-current liabilities | Current liabilities |
|---|---|---|---|---|---|---|
| ATCOST | 158,701 | 5,675 | 199,655 | 7,741 | 0 | 205,330 |
| ATF | 83,585 | 58,216 | 86,137 | 33,965 | 0 | 144,353 |
| ATA | 78,996 | 660 | 98,199 | 24,287 | 0 | 98,859 |
| A7 VB | 69,980 | 942 | 123,066 | 4,300 | 0 | 124,008 |
| ABSA | 15,562 | 2,749 | 6,008 | 2,215 | 0 | 8,757 |

In the financial year 2018/19, results from joint ventures in the amount of kEUR 7,397 from the above-mentioned joint ventures are reported in the result from equity investments.

The table below shows the largest project consortiums for the financial year 2017/18.

| Project consortium | (short) | Share in % |
|---|---|---|
| ARGE Tunnel Albaufstieg | ATA | 21.00 |
| ARGE ATCOST 21 | ATCOST | 15.00 |
| ARGE Tunnel Fröschnitzgraben | ATF | 50.00 |
| ARGE Generali Arena | Arena | 33.33 |
| ARGE Umfahrung Zwettl | UF Zwettl | 33.33 |

100% of the financial information has been disclosed.

| FIGURES IN THOUSAND EUR | Revenue | Non-current assets | Current assets | thereof cash and cash equivalents | Non-current liabilities | Current liabilities |
|---|---|---|---|---|---|---|
| ATA | 158,779 | 1,282 | 89,527 | 28,219 | 0 | 90,809 |
| ATCOST | 158,443 | 6,430 | 289,201 | 13,212 | 0 | 295,631 |
| ATF | 72,036 | 44,130 | 61,640 | 3,824 | 0 | 105,770 |
| Arena | 15,352 | 46 | 4,086 | 2,724 | 0 | 4,132 |
| UF Zwettl | 12,724 | 0 | 3,806 | 3,718 | 0 | 3,806 |

In the financial year 2017/18, results from joint ventures in the amount of kEUR 7,348 from the above-mentioned joint ventures are reported in the result from equity investments.

Services of project consortiums were engaged as follows in the financial year:

| FIGURES IN THOUSAND EUR | 31/3/2019 | 31/3/2018 |
|---|---|---|
| Services rendered | 106,377 | 229,485 |
| Services received | 2,929 | 2,605 |
| Receivables as of 31 March | 45,928 | 37,926 |
| Liabilities as of 31 March | 14,138 | 21,161 |

### (12) Inventories

| FIGURES IN THOUSAND EUR | 31/3/2019 | 31/3/2018 |
|---|---|---|
| Raw materials, consumables and supplies | 52,627 | 34,077 |
| Land for development and construction projects | 54,395 | 48,222 |
| Finished products and goods | 5,664 | 1,774 |
| | **112,686** | **84,073** |

No significant value adjustments were made to the net realisable value of inventories during the financial year. Borrowing costs on the production of significant qualifying assets were not capitalised, as in the previous year.

### (13) Trade receivables, other receivables and assets

| FIGURES IN THOUSAND EUR | 31/3/2019 | | | 31/3/2018 | | |
|---|---|---|---|---|---|---|
| | Total | of which current | of which non-current | Total | of which current | of which non-current |
| Contract assets | 1,050,683 | 1,050,683 | 0 | 918,746 | 918,746 | 0 |
| Advances received | -889,103 | -889,103 | 0 | -760,771 | -760,771 | 0 |
| | **161,580** | **161,580** | **0** | **157,975** | **157,975** | **0** |
| Other trade receivables | 172,762 | 167,289 | 5,473 | 158,956 | 156,633 | 2,323 |
| Receivables from project consortiums | 45,928 | 45,928 | 0 | 37,926 | 37,926 | 0 |
| **Trade receivables** | **380,270** | **374,797** | **5,473** | **354,857** | **352,534** | **2,323** |
| of which financial assets | 218,690 | 213,217 | 5,473 | 196,882 | 194,559 | 2,323 |

The contract assets comprise the right to payment from construction contracts as well as from project developments for the work performed by the reporting date. If the advances received exceed the payment rights, presentation is made under contract liabilities. In the financial year, no costs of contract initiation or contract satisfaction were capitalised as separate assets.

In the financial year 2018/19, revenue was recognised in the amount of kEUR 89,276 that had been contained under contract liabilities at the beginning of the financial year.

As of 31 March 2019, there are unsatisfied performance obligations (order backlog) in the amount of kEUR 3,116,309. The recognition of revenue from these performance obligations is expected with kEUR 2,014,308 in the following financial year and with kEUR 1,102,001 in the next five financial years.

As usual in the construction industry, the customer has the contractual right to retain part of the total amount of the invoice. As a rule, these retentions are, however, redeemed by collateral bank or group guarantees.

| FIGURES IN THOUSAND EUR | 31/3/2019 | | | 31/3/2018 | | |
|---|---|---|---|---|---|---|
| | Total | of which current | of which non-current | Total | of which current | of which non-current |
| Receivables from affiliated companies | 9,191 | 9,191 | 0 | 9,531 | 9,519 | 12 |
| Receivables from associated companies | 4,224 | 284 | 3,940 | 4,061 | 121 | 3,940 |
| Receivables from other non-current investees and investors | 11,481 | 11,481 | 0 | 14,330 | 14,330 | 0 |
| Other receivables and prepaid expenses | 57,654 | 56,495 | 1,159 | 26,614 | 25,182 | 1,432 |
| **Other receivables and assets** | **82,550** | **77,451** | **5,099** | **54,536** | **49,152** | **5,384** |
| of which financial assets | 62,467 | 57,423 | 5,044 | 40,916 | 35,557 | 5,359 |
| of which non-financial assets | 20,083 | 20,028 | 55 | 13,620 | 13,595 | 25 |

The valuation allowances on other trade receivables were as follows in the financial year:

| FIGURES IN THOUSAND EUR | 31/3/2019 | 31/3/2018 |
|---|---|---|
| As of 1 April | 37,396 | 36,394 |
| Currency translation | -352 | 55 |
| Changes to the basis of consolidation | 449 | 0 |
| Addition/utilisation/release | 4,638 | 947 |
| **As of 31 March** | **42,131** | **37,396** |
| Other trade receivables before valuation allowance | 422,402 | 392,253 |
| Valuation allowances | -42,132 | -37,396 |
| **Carrying amount on 31 March** | **380,270** | **354,857** |

The individual valuation allowances consist of numerous individual items, none of which is considered significant on its own. No significant valuation allowances existed for other financial receivables and other financial assets on the balance sheet date.

### (14) Cash and cash equivalents

| FIGURES IN THOUSAND EUR | 31/3/2019 | 31/3/2018 |
|---|---|---|
| Securities | 106,793 | 66,846 |
| Cash-in-hand, bank balances | 418,210 | 440,921 |
| | **525,003** | **507,767** |

### (15) Deferred taxes

Due to the currently applicable tax provisions, it can be assumed that differences between the amount of the equity interest and the proportional equity of subsidiaries included in the consolidated financial statements resulting from accumulated profits will essentially remain tax-free. As there is also no intent to sell, under IAS 12.39 no tax deferral was carried out.

Deferred taxes on loss carryforwards were capitalised in so far as they can likely be offset against taxable profits in the future. Tax write-downs on investments must be spread over a period of seven years in accordance with the Austrian Corporation Tax Act (KStG). The deferred taxes on open depreciation (one-seventh) of kEUR 872 (previous year: kEUR 1,333) are reported in the deferred tax assets from reserves.

Temporary differences between the valuation of the balance sheet items in the IFRS financial statements and the existing tax value have the following effects on accrued/deferred taxes recognised in the balance sheet:

| FIGURES IN THOUSAND EUR | 31/3/2019 | | 31/3/2018 | |
|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities |
| Non-current assets | 1,757 | 3,847 | 2,352 | 3,745 |
| Current assets | 1,596 | 12,862 | 2,566 | 11,099 |
| | **3,353** | **16,709** | **4,918** | **14,844** |
| Non-current liabilities | 2,622 | 0 | 2,265 | 0 |
| Current liabilities | 8,319 | 10,414 | 9,000 | 12,548 |
| Tax losses carried forward | 116 | 0 | 0 | 0 |
| **Deferred tax assets and liabilities** | **14,410** | **27,123** | **16,183** | **27,392** |
| Offsetting of deferred tax assets and liabilities with the same tax authority | -6,113 | -6,113 | -9,128 | -9,128 |
| **Deferred taxes offset** | **8,297** | **21,010** | **7,055** | **18,264** |

### (16) Equity

The share capital was fully paid and is held by the following shareholders:

**FIGURES IN EUR**

| | |
|---|---|
| HPB - Holding GmbH | 3,929,550,005 |
| AlexandraHova GmbH | 1,459,635,202 |
| CatherineHova GmbH | 1,459,635,202 |
| Thumersbacher Geräteverleih GmbH | 856,179,601 |
| | **7,705,000,010** |

In the financial year 2007/08, hybrid bonds with a nominal value of kEUR 70,000 were placed. Interest: 7.75% for the first 5 years, then 3-month EURIBOR plus 5.85%; duration unlimited; listing: Vienna Stock Exchange – Corporates Prime market segment, trading in the third market – Multilateral Trading Facility (MTF) since 5 May 2016 (before till 4 May 2016 on the regulated OTC market).

The yield from the issuance of the hybrid bond is recognised as a portion of equity as this instrument meets the criteria for equity under IAS 32. In line with this, the coupons to be paid are also recognised as part of the appropriation of net profit. Under IAS 32, they must be recognised after taxes.

Repurchases of the hybrid bond have been made in the nominal value of kEUR 38,594, so far. In accordance with IAS 32.33, the own repurchased equity instruments are deducted from the equity. Fees paid are recognised directly in the equity.

The various components of the equity and the changes they have undergone can be found in the statement of changes in equity.

### (17) Provisions

| FIGURES IN THOUSAND EUR | Balance as of 1/4/2018 corrected [1] | Currency translation | Changes to the basis of consolidation | Additions | Reversal | Utilisation | Balance as of 31/3/2019 |
|---|---|---|---|---|---|---|---|
| **Provision for:** | | | | | | | |
| Severance payments | 25,493 | 0 | 309 | 4,126 | 0 | 1,615 | 28,313 |
| Pensions | 279 | 0 | 0 | 19 | 0 | 100 | 198 |
| **Non-current provisions** | **25,772** | **0** | **309** | **4,145** | **0** | **1,715** | **28,511** |
| Taxes | 11,377 | 7 | 86 | 13,109 | 0 | 1,693 | 22,886 |
| Other: | | | | | | | |
| Construction-related | 62,256 | -1,233 | 287 | 38,173 | 6,209 | 19,229 | 74,045 |
| Other | 17,240 | -122 | 54 | 10,819 | 165 | 2,259 | 25,567 |
| **Current provisions** | **90,873** | **-1,348** | **427** | **62,101** | **6,374** | **23,181** | **122,498** |
| **Total** | **116,645** | **-1,348** | **736** | **66,246** | **6,374** | **24,896** | **151,009** |

| FIGURES IN THOUSAND EUR | Balance as of 1/4/2017 corrected [1] | Currency translation | Changes to the basis of consolidation | Additions | Reversal | Utilisation | Balance as of 31/3/2018 corrected [1] |
|---|---|---|---|---|---|---|---|
| **Provision for:** | | | | | | | |
| Severance payments | 23,760 | 0 | 0 | 3,286 | 0 | 1,553 | 25,493 |
| Pensions | 276 | 0 | 0 | 22 | 0 | 19 | 279 |
| **Non-current provisions** | **24,036** | **0** | **0** | **3,308** | **0** | **1,572** | **25,772** |
| Taxes | 6,258 | 7 | 0 | 8,911 | 0 | 3,799 | 11,377 |
| Other: | | | | | | | |
| Construction-related | 61,718 | 329 | 0 | 32,501 | 5,296 | 26,995 | 62,256 |
| Other | 6,350 | 75 | 0 | 11,003 | 0 | 189 | 17,240 |
| **Current provisions** | **74,326** | **411** | **0** | **52,415** | **5,296** | **30,983** | **90,873** |
| **Total** | **98,362** | **411** | **0** | **55,723** | **5,296** | **32,555** | **116,645** |

[1] Due to an error correction in accordance with IAS 8, the previous year's figures were adjusted retrospectively

The development of the provisions for severance payments is shown below:

| FIGURES IN THOUSAND EUR | 31/3/2019 | 31/3/2018 corrected [1] |
|---|---|---|
| Present value of the defined benefit obligation (DBO) on 1 April | 25,493 | 23,760 |
| Changes to the basis of consolidation | 389 | 0 |
| Service cost | 1,697 | 1,746 |
| Interest expense | 431 | 385 |
| Severance payments | -1,562 | -1,689 |
| Actuarial losses realised | 1,865 | 1,291 |
| **Present value of the defined benefit obligation (DBO) on 31 March** | **28,313** | **25,493** |

The amount of provisions for severance payments is calculated using actuarial methods on basis of the pension tables set out in AVOE 2008-P (employees). A discount rate of 1.56% (previous year: 2.00%) and a salary-related promise of salary increase of 2.50% (previous year: 2.50%) was used as the basis.

In the financial year 2018/19, all actuarial losses resulted from financial assumptions – none were caused by demographic assumptions. On the balance sheet date, severance payment obligations had a weighted duration of approximately 12 years (previous year: 11 years).

In the following sensitivity analysis, effects of changes in the essential parameters on the carrying amounts are described:

| Changes | Parameters | | DBO | |
|---|---|---|---|---|
| Interest rate | -1.00% | +1.00% | +12.90% | -10.90% |
| Salary increase | -0.50% | +0.50% | -5.60% | +6.10% |

The development of provisions for pensions is shown below:

| FIGURES IN THOUSAND EUR | 31/3/2019 | 31/3/2018 |
|---|---|---|
| Present value of the defined benefit obligation (DBO) on 1 April | 279 | 276 |
| Service cost | 15 | 15 |
| Interest expense | 5 | 5 |
| Severance payments | -97 | -12 |
| Actuarial losses realised | -4 | -5 |
| **Present value of the defined benefit obligation (DBO) on 31 March** | **198** | **279** |

The amount of provisions for pensions is calculated using actuarial methods based on the pension tables set out in AVOE 2008-P (employees). A discount rate of 1.56% (previous year: 2.00%) and an increase in the pension commitment of 1.00% (previous year: 1.00%) was used as the basis. In the 2018/19 financial year, all actuarial losses resulted from financial assumptions – none were caused by demographic assumptions. On the balance sheet date, the DBO had a weighted duration of approximately 17 years (previous year: 16 years).

The pension provision is formed for obligations from entitlements and ongoing payments to active and former employees and their survivors. Obligations mainly concern retirement pensions. Individual commitments are normally based on the length of service of the employee on the date of the commitment (including the employee's position and remuneration). No new commitments have been entered since 1993.

The company pension scheme consists of an unfunded defined-benefit pension system. Defined-benefit pension plans oblige the company to render promised services to active and former employees.

In the following sensitivity analysis, effects of changes in essential parameters on the carrying amounts are described:

| **CHANGES:** | **Parameters** | | **DBO** | |
|---|---|---|---|---|
| Interest rate | -1.00% | +1.00% | +19.30% | -15.10% |
| Pension increase | -0.25% | +0.25% | -2.40% | +2.50% |

Construction-related provisions essentially contain provisions for guarantee obligations, contingent losses, obligations from remaining and subsequent work and costs of litigation.

Since May 2017, due to searches of the premises of more than 50 Austrian construction companies, we know that, among others, SWIETELSKY Baugesellschaft m.b.H. has been affected by proceedings carried out by the Austrian Federal Competition Authority and the Central Public Prosecutor's Office for Combating Economic Crimes and Corruption. The action is based on a reasonable suspicion that illegal anticompetitive horizontal agreements allegedly took place in a number of tender procedures between the affected companies. Based on the information currently available, the possibility cannot be ruled out that the suspicion established in the searches, including that relating to SWIETELSKY Baugesellschaft m.b.H., is justified in cases, which are not yet clearly defined. A conviction of SWIETELSKY Baugesellschaft m.b.H. for participation in horizontal price fixing could – if viewed abstractly – have the following consequences for the company: financial penalties in the event of breaches of the ban on cartels; compensation claims of any aggrieved clients on the basis of an antitrust conviction; in the event of SWIETELSKY employees being convicted, corporate financial penalties on the basis of the Austrian Corporate Responsibility act.

The situation is extremely complex and still only starting to be clarified, nevertheless appropriate precautions were formed. However, the final consequences for SWIETELSKY Baugesellschaft m.b.H. are not known until the end of the procedure and may differ from the estimated amount.

In April 2018 another proceeding by the Central Public Prosecutor's Office for Combating Economic Crimes and Corruption became known. The subject of these investigations is primarily the suspicion that predominantly former employees of SWIETELSKY Baugesellschaft m.b.H. may have acted corruptly in connection with Romanian construction projects. Within the framework of the responsibility of legal entities, SWIETELSKY is accused of being associated with their employees' criminal acts, it is not possible to predict with reasonable certainty what the outcome of the investigation will be or to quantify – even only roughly or indicatively –the pecuniary consequences for SWIETELSKY at the present state of knowledge.

The estimated costs of legal representation for both proceedings has been considered in provisions.

### (18) Liabilities and other liabilities

| FIGURES IN THOUSAND EUR | 31/3/2019 | | | 31/3/2018 | | |
|---|---|---|---|---|---|---|
| **Financial liabilities:** | **Total** | **of which current** | **of which non-current** | **Total** | **of which current** | **of which non-current** |
| Bonds | 74,080 | 74,080 | 0 | 74,067 | 0 | 74,067 |
| Liabilities to banks | 4,705 | 2,765 | 1,940 | 4,408 | 1,285 | 3,123 |
| Liabilities from financial leases | 1,172 | 111 | 1,061 | 2,944 | 1,317 | 1,627 |
| | **79,957** | **76,956** | **3,001** | **81,419** | **2,602** | **78,817** |

In the financial year 2012/13 bonds with a nominal value of kEUR 85,000 was issued, interest of 4.625%; term from October 2012 to October 2019; listed at the Vienna Stock Exchange – corporates prime market segment, third market – Multilateral Trading Facility (MTF) since 5 May 2016 (before till 4 May 2016 on the regulated OTC market). In the financial year 2015/16, bonds were repurchased with a nominal value of kEUR 10,912 (valuated on 23 March 2016).

No physical securities were supplied to safeguard liabilities to banks.

| FIGURES IN THOUSAND EUR | 31/3/2019 | | | 31/3/2018 | | |
|---|---|---|---|---|---|---|
| **Trade payables:** | **Total** | **of which current** | **of which non-current** | **Total** | **of which current** | **of which non-current** |
| Contract liabilities | -668,059 | -668,059 | 0 | -506,517 | -506,517 | 0 |
| Advances received | 931,295 | 931,295 | 0 | 803,826 | 803,826 | 0 |
| | 263,236 | 263,236 | 0 | 297,309 | 297,309 | 0 |
| Other trade payables | 408,230 | 378,251 | 29,979 | 338,665 | 311,984 | 26,681 |
| Liabilities to project consortiums | 14,138 | 14,138 | 0 | 21,161 | 21,161 | 0 |
| | **685,604** | **655,625** | **29,979** | **657,135** | **630,454** | **26,681** |
| of which financial liabilities | 422,368 | 392,389 | 29,979 | 359,826 | 333,145 | 26,681 |

| **Other liabilities:** | | | | | | |
|---|---|---|---|---|---|---|
| Liabilities to affiliated companies | 163 | 163 | 0 | 325 | 325 | 0 |
| Liabilities to associated companies | 0 | 0 | 0 | 1,635 | 1,635 | 0 |
| Liabilities to other non-current investees and investors | 722 | 722 | 0 | 848 | 848 | 0 |
| Other liabilities | 123,436 | 111,967 | 11,469 | 104,121 | 94,744 | 9,377 |
| | **124,321** | **112,852** | **11,469** | **106,929** | **97,552** | **9,377** |
| of which taxes | 14,489 | 14,489 | 0 | 9,272 | 9,272 | 0 |
| of which social security | 3,992 | 3,988 | 4 | 3,717 | 3,709 | 8 |
| of which personal-related liabilities | 91,130 | 80,463 | 10,667 | 79,168 | 70,302 | 8,866 |
| of which financial liabilities | 13,084 | 12,286 | 798 | 12,960 | 12,457 | 503 |
| of which non-financial liabilities | 111,237 | 100,566 | 10,671 | 93,969 | 85,095 | 8,874 |

# NOTES ON THE CASH FLOW STATEMENT

## OF SWIETELSKY BAUGESELLSCHAFT M.B.H., LINZ

The cash flow statement was generated using the indirect method, and is separated into cash flows resulting from business, investment and financing activities. The effects of changes to the scope of consolidation have been eliminated and are recognised in the cash flow from investment activities.

### (19) Cash and cash equivalents

| FIGURES IN THOUSAND EUR | 31/3/2019 | 31/3/2018 |
|---|---|---|
| Securities (Bundesschatzscheine) | 90,000 | 60,000 |
| Cash-in-hand, bank balances | 418,210 | 440,921 |
| **Cash funds** | **508,210** | **500,921** |
| Other Securities | 16,793 | 6,846 |
| **Cash and cash equivalents** | **525,003** | **507,767** |

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

| FIGURES IN THOUSAND EUR | 31/3/2019 | 31/3/2018 |
|---|---|---|
| Interest paid (including hybrid interest) | 7,640 | 10,651 |
| Interest received (including hybrid interest) | 3,139 | 3,041 |
| Tax paid | 9,914 | 9,445 |

# NOTES ON THE FINANCIAL INSTRUMENTS AND ON CAPITAL MANAGEMENT

**OF SWIETELSKY BAUGESELLSCHAFT M.B.H., LINZ**

The SWIETELSKY Group holds primary financial instruments, essentially non-current financial assets, trade receivables, bank balances, financial liabilities and trade payables. The list of primary financial instruments can be found in the balance sheet.

**(20) Financial instruments, financial risk and capital management**

Financial assets and liabilities at the balance sheet date are as follows:

## ASSETS

| FIGURES IN THOUSAND EUR | Category to IFRS 9 | Carrying amount 31/3/2019 | Category to IAS 39 | Carrying amount 31/3/2018 |
|---|---|---|---|---|
| **Assets not measured at fair value:** | | | | |
| Other financial assets | AC | 15,423 | AfS | 15,415 |
| Loans | AC | 6,319 | LaR | 3,437 |
| Trade receivables | AC | 218,690 | LaR | 196,882 |
| Other financial receivables | AC | 62,467 | LaR | 40,916 |
| Cash-in-hand, bank balances | AC | 418,210 | LaR | 440,921 |
| **Assets measured at fair value:** | | | | |
| Securities | FVPL | 106,793 | AfS | 66,846 |
| **Total financial assets** | | **827,902** | | **764,417** |

# LIABILITIES

| FIGURES IN THOUSAND EUR | Category to IFRS 9 | Carrying amount 31/3/2019 | Category to IAS 39 | Carrying amount 31/3/2018 |
|---|---|---|---|---|
| **Liabilities not measured at fair value:** | | | | |
| Financial liabilities | AC | 79,957 | FLAC | 81,419 |
| Trade payables | AC | 422,368 | FLAC | 359,826 |
| Other financial liabilities | AC | 12,080 | FLAC | 12,960 |
| **Liabilities measured at fair value:** | | | | |
| Derivatives for hedging purposes | FVOCI | 1,004 | | 0 |
| **Total financial obligations** | | **515,409** | | **454,205** |

| | | | |
|---|---|---|---|
| AC | 206,704 | AfS | 82,261 |
| FVPL | 106,793 | LaR | 682,156 |
| FVOCI | -1,004 | FLAC | -454,205 |

Amortised Cost (AC)
Fair Value through Profit & Loss (FVPL)
Fair Value Other Comprehensive Income (FVOCI)

Available for Sale (AfS)
Loans and Receivables (LaR)
Financial Liabilities at amortised Cost (FLAC)

The net result from financial instruments by class or category is composed as follows:

| FIGURES IN THOUSAND EUR | AC | FVOCI | FLAC | FVPL | Total |
|---|---|---|---|---|---|
| **2018/19** | | | | | |
| Interest and similar income/expenses | 1,635 | 0 | -3,973 | 0 | -2,338 |
| Impairment losses and reversal of impairment losses | 4,287 | 0 | 0 | 0 | 4,287 |
| Fair value measurement | 0 | -1,004 | 0 | -19 | -1,023 |
| Results from disposal | 0 | 0 | 0 | 0 | 0 |
| **Net result** | **5,922** | **-1,004** | **-3,973** | **-19** | **926** |
| **2017/18** | **LaR** | **AfS** | **FLAC** | **FVPL** | **Total** |
| Interest and similar income/expenses | 1,759 | 27 | -4,559 | 0 | -2,773 |
| Impairment losses and reversal of impairment losses | 1,002 | 0 | 0 | 0 | 1,002 |
| Fair value measurement | 0 | 0 | 0 | 0 | 0 |
| Results from disposal | 0 | 0 | 0 | 0 | 0 |
| **Net result** | **2,761** | **27** | **-4,559** | **0** | **-1,771** |

Amortised Cost (AC)
Fair Value through Profit & Loss (FVPL)
Fair Value Other Comprehensive Income (FVOCI)
Available for Sale (AfS)
Loans and Receivables (LaR)
Financial Liabilities at amortised Cost (FLAC)

Dividends and expenses from investments recognised as investment income are not a component of the net result. Impairments, reversals of impairment losses and results from disposal classed as loans and receivables and financial liabilities at amortised cost are recognised in other operating income and other operating expenses.

### *Principles of financial risk management*

The SWIETELSKY Group faces credit, market and liquidity risks in connection with its assets, liabilities and scheduled transactions. The goal of financial risk management is to control and limit these risks.

Principles of financial risk management are defined by the management and monitored by the supervisory board. The group treasury and the decentralised treasury units are responsible for implementing financial risk management. Individual risks are minimised by means of derivative financial instruments. The use of derivative financial instruments by the group is subject to corresponding approval and control procedures.

The derivatives on the reporting date of 31 March 2019 were concluded to hedge the currency risk, with no derivatives in the previous year. As of the reporting date of 31 March 2019, as in the previous year, there were no derivatives for which no hedging relationships could be established.

### *Interest rate risk*

Essentially, interest rate risk results from bank balances and liabilities to banks which are subject to variable interest rates. This is because the risk exists in rising interest costs or falling interest received resulting from an adverse change in market interest rates.

#### *Bank balances subject to variable interest rates*

| FIGURES IN THOUSAND EUR | Carrying amount 31/3/2019 | Average interest rate 2018/19 | Carrying amount 31/3/2018 | Average interest rate 2017/18 |
|---|---|---|---|---|
| EUR | 153,980 | 0.03% | 92,615 | 0.16% |
| HUF | 186,233 | 0.00% | 278,486 | 0.02% |
| RON | 28,672 | 0.00% | 26,080 | 0.01% |
| CZK | 19,597 | 0.62% | 23,122 | 0.01% |
| GBP | 4,213 | 0.09% | 4,812 | 0.10% |
| PLN | 13,067 | 1.45% | 9,396 | 0.33% |
| HRK | 4,884 | 0.02% | 2,702 | 0.01% |
| Other | 7,564 | 0.01% | 3,708 | 0.05% |
| | **418,210** | | **440,921** | |

#### *Liabilities to banks subject to variable interest rates*

| FIGURES IN THOUSAND EUR | Carrying amount 31/3/2019 | Average interest rate 2018/19 | Carrying amount 31/3/2018 | Average interest rate 2017/18 |
|---|---|---|---|---|
| AUD | 3,157 | 4.14% | 4,373 | 3.96% |
| RON | 1,267 | 5.13% | 0 | 0.00% |
| Other | 281 | 3.34% | 35 | 0.00% |
| | **4,705** | | **4,408** | |

If the market interest rate on 31 March 2019 were 50 basis points higher, the earnings after tax and equity would have been kEUR 1,551 (previous year: kEUR 1,637) higher. A drop in the market interest rate by 50 basis points would have caused an equal reduction in earnings after tax and equity.

Calculations were made based on these financial assets and liabilities on the balance sheet date. In doing so, it was implied that the risk on the balance sheet date essentially represents the risk during the financial year. The group tax rate of 25% is used as the tax rate. In the analysis, all other variables – especially exchange rates – are assumed to be constant.

### *Foreign exchange risk*

Essentially, risk results from bank balances, liabilities to banks in foreign currencies and trade payables and receivables in Euros in connection with subsidiaries whose functional currencies are not the Euro. However, the decentralised structure of the group means that most foreign currency items are naturally closed because most receivables and liabilities from business activities are recognised in the same currency. The credit financing and assessment of the group companies mainly took place in the currency of the country in question.

***Performance of the major group currencies***

| Currency | Closing rate 31/3/2019 1 Euro = | Average rate of exchange 2018/19 1 Euro = | Closing rate 31/3/2018 1 Euro = | Average rate of exchange 2017/18 1 Euro = |
|---|---|---|---|---|
| HUF | 321,0000 | 321,3675 | 312,0000 | 310,2383 |
| CZK | 25,8150 | 25,7611 | 25,3900 | 25,8858 |
| GBP | 0,8569 | 0,8819 | 0,8769 | 0,8816 |
| RON | 4,7620 | 4,6766 | 4,6570 | 4,6073 |
| PLN | 4,3035 | 4,2968 | 4,2100 | 4,2182 |
| HRK | 7,4330 | 7,4170 | 7,4330 | 7,4533 |
| NOK | 9,6800 | 9,6474 | 9,6500 | 9,5324 |
| AUD | 1,5840 | 1,5881 | 1,6008 | 1,5204 |
| DKK | 7,4650 | 7,4574 | 7,4547 | 7,4419 |

A 10% appreciation or devaluation of the Euro on 31 March 2019 would have resulted in a change in earnings after tax and equity of kEUR 3,186 (previous year: kEUR 2,658).

Calculations were carried out based on the portfolio of financial assets and liabilities on the balance sheet date. Foreign exchange risks from euro items in subsidiaries whose currencies are not the euro were attributed to the foreign exchange risk of the functional currency of each subsidiary. Differences caused by the translation of financial statements into the group currency because of the exchange rates have not been changed. The group tax rate of 25% is used as the tax rate. In the analysis, all other variables – especially interest rates – are assumed to be constant.

In the financial year 2018/19, SWIETELSKY concluded foreign currency forward transactions in GBP in the amount of kEUR 22,067 for hedging future payments, in the period from 2019 to 2021, and designated them as a cash flow hedge. At the time of the transaction, the relationship between the underlying and the hedging transaction, including the risk management objectives and the corporate strategy underlying the hedging relationships, was documented. Thereafter, it is regularly demonstrated that foreign exchange forward contracts are highly effective in terms of currency risk. There were no ineffective parts of the hedging relationship in the financial year 2018/19, therefore the changes in value of kEUR -1,004 and the related deferred taxes in the amount of kEUR 171 were recognised in equity (change in financial instruments).

#### *Other market price risks*

Besides foreign exchange and interest rate risks, the SWIETELSKY Group is exposed to other price risks resulting from financial assets and liabilities, which are however of lesser significance to the group.

#### *Credit risk*

Due to the wide dispersion of and ongoing credit checks on our customers, credit risk of receivables from customers can be classified as low. Likewise, the default risk for the other primary financial instruments recognised as assets is to be considered low as the financial partners of the group are all financial institutes with the highest levels of creditworthiness. The carrying amounts of the financial assets classed as assets represent the maximum default risk.

Receivables from contract assets of kEUR 161,580 (previous year: kEUR 157,975) and receivables from joint ventures amounting to kEUR 45,928 (previous year: kEUR 37,926) relate to ongoing construction projects and are therefore largely not yet due. From the other receivables from deliveries and services in the amount of kEUR 172,762 (previous year: kEUR 158,956), only a negligible amount is overdue and not impaired.

Additionally, as is standard in the industry, project consortia in which companies of the SWIETELSKY Group hold a stake are jointly and severally liable with the other partners and there are bank guarantees, mainly for tender, contractual fulfilment and guarantee obligations and advance payments.

Counter-liabilities for performance guarantees where an outflow of resources is improbable exist to the value of kEUR 150,000 (previous year: kEUR 80,386) on 31 March 2019.

Additionally, a derived credit risk of kEUR 5,066 (previous year: kEUR 4,917) resulting from the liabilities for associated companies and other investments assumed through payment guarantees.

### *Liquidity risks*

A major goal of financial risk management in the SWIETELSKY Group is always to ensure liquidity and financial flexibility. For this purpose, a liquidity reserve has been organised in the form of unused credit lines (cash and guarantee credit), and in the form of cash reserves if necessary, at creditworthy banks. Most of these unused credit lines have a term of up to 12 months and are continuously prolonged.

The group's liquidity needs in the medium and long terms are ensured by the issuance of corporate bonds and bank loans.

The following contractually agreed payment obligations will result from the financial liabilities (interest and amortisation payments) in the coming years:

| FIGURES IN THOUSAND EUR | Carrying amount 31/3/2019 | Cash flows 1/4/2019-31/3/2020 | Cash flows 1/4/2020-31/3/2024 | Cash flows from 1/4/2024 |
|---|---|---|---|---|
| Bonds | 74,080 | 77,515 | 0 | 0 |
| Liabilities to banks | 4,705 | 2,888 | 2,008 | 0 |
| Liabilities from finance leases | 1,172 | 97 | 318 | 829 |
| Trade payables | 685,604 | 655,625 | 29,979 | 0 |
| Other financial Liabilities | 13,084 | 12,286 | 798 | 0 |
| | **778,645** | **748,411** | **33,103** | **829** |

| FIGURES IN THOUSAND EUR | Carrying amount 31/3/2018 | Cash flows 1/4/2018-31/3/2019 | Cash flows 1/4/2019-31/3/2023 | Cash flows from 1/4/2023 |
|---|---|---|---|---|
| Bonds | 74,067 | 3,427 | 77,516 | 0 |
| Liabilities to banks | 4,408 | 1,431 | 3,273 | 0 |
| Liabilities from finance leases | 2,944 | 1,368 | 521 | 1,250 |
| Trade payables | 657,135 | 630,454 | 26,681 | 0 |
| Other financial Liabilities | 11,325 | 10,822 | 503 | 0 |
| | **749,879** | **647,502** | **108,494** | **1,250** |

Interest payments were calculated based on the most recently fixed interest rates on or before 31 March 2019 and 31 March 2018. Planned figures for new liabilities in the future are not included. Financial liabilities that can be repaid at any time are always allocated to the earliest maturity bucket.

***Fair value hierarchy***

The following tables list the financial assets and liabilities measured at fair value and the financial assets and liabilities not measured at fair value by their valuation methods in line with the three-level fair value hierarchy of the IFRS. The various levels reflect the significance of the input factors used for the measured and are defined as follows:

**Level 1:** Level 1 inputs are quoted prices in active markets for identical assets or liabilities. SWIETELSKY Group currently holds bonds, investment funds and (few) shares that are attributable to this Level and whose fair value matches the market or calculated value.

**Level 2:** Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as a price) or indirectly (i.e. derived from prices). Liability insurance measured at the redemption value of the reserve on the balance sheet date is attributable to this level.

**Level 3:** Level 3 inputs are input factors for the asset or liability which are not based on observable market data (unobservable input factors). In so far as relevant, non-current financial assets, bonds, liabilities to banks and liabilities from finance leases are assigned to this level if no market prices are available. The fair values are calculated using the discounted cash flow method and therefore represent the present values of the associated payments with consideration for the current market parameters (especially interest rates, exchange rates, the creditworthiness of the counterparty in connection with receivables and the default risk in connection with liabilities).

If the input factors used to determine the fair value of a financial asset or financial liability can be assigned to various levels of the fair value hierarchy, the entire measurement at fair value will be assigned to the level of the fair value hierarchy corresponding to the lowest essential input factor for the measurement.

The group recognises reclassifications between the various levels of the fair value hierarchy at the end of the reporting period in which the change took place. No reclassifications between levels were carried out during the financial year.

***Carrying amounts, fair values and fair value hierarchy of the financial assets and financial liabilities measured at fair value***

| FIGURES IN THOUSAND EUR | 31/3/2019 | Carrying amount | Fair Value | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Securities | | 106,793 | 106,793 | 106,588 | 205 | 0 |
| **LIABILITIES** | | | | | | |
| Derivatives for hedging purposes | | 1,004 | 1,004 | 0 | 1,004 | 0 |

| FIGURES IN THOUSAND EUR | 31/3/2018 | Carrying amount | Fair Value | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Securities | | 66,846 | 66,846 | 66,563 | 283 | 0 |
| **LIABILITIES** | | | | | | |
| Derivatives for hedging purposes | | 0 | 0 | 0 | 0 | 0 |

***Carrying amounts, fair values and fair value-hierarchy of the financial assets and financial liabilities not measured at fair value***

The cash and cash equivalents, trade receivables, other financial receivables, trade payables and other financial liabilities have mostly short residual terms.

Liabilities to banks and liabilities from finance leases are subject to variable interest rates. Therefore, with these financial instruments the management assumes that the carrying amount is a reasonable approximation of the fair value. The fair values of these financial instruments are therefore not disclosed in the following table. The carrying amounts can be found in the table.

| FIGURES IN THOUSAND EUR | 31/3/2019 | Carrying amount | Fair Value | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|---|
| **Assets not measured at fair value:** | | | | | | |
| Bonds | | 74,080 | 75,703 | 75,703 | 0 | 0 |
| Liabilities to banks | | 4,705 | | | | |
| Liabilities from finance leases | | 1,172 | | | | |
| | | **79,957** | **75,703** | **75,703** | **0** | **0** |

***Offsetting of financial assets and financial liabilities***

In the SWIETELSKY Group, financial assets and financial liabilities are not offset against one another in the balance sheet. Offsetting agreements only exist in connection with derivative financial instruments.

***Capital management***

The goal of capital management is to achieve a strong capital basis that continues to generate a rate of return for the shareholders that matches the risk situation of the company, supports the future development of the company and can be put to good use for other interest groups as well. The management exclusively considers the booked equity as capital in accordance with IFRS. The equity ratio on the balance sheet date was 29.0% (previous year: 27.1%).

The capital management strategy of the company aims for the group companies to have a large enough equity base to meet the local requirements. All external capital requirements were met in the reporting year.

### (21) Disclosure of business segments

***Division of segments***

The segments are divided based on internal reporting (the management approach). As the construction market is highly region-based, SWIETELSKY is mainly run from a regional perspective. The group's internal organisational and management structures, and therefore also the internal reports, follow these regional divisions and are therefore reported to the chief operating decision maker.

The operative business of the SWIETELSKY Group is split into five segments: Austria, Germany, Hungary, Czech Republic and other countries. The segment entitled other countries contains Romania, Croatia, Slovakia, Poland, Great Britain, Italy, Norway, the Netherlands, Denmark and Australia. The segments are defined by the country in which the head-quarters of the company are located. The services within and between the segments are billed at market prices.

The following construction output were rendered in the segments:

| Austria | Germany | Hungary | Czech Republic | Other countries |
|---|---|---|---|---|
| Road construction | Road construction | Road construction | Road construction | Road construction |
| Railway construction | Railway construction | Railway construction | Railway construction | Railway construction |
| Building construction | Building construction | Building construction | Building construction | Building construction |
| Civil engineering | Civil engineering | Civil engineering | Civil engineering | Civil engineering |
| Tunnel construction | x | x | x | x |

***Segment report***

The disclosure of business segments takes place based on internal reporting and is further reconciled to the revenue and EBT of the individual business segments.

External construction output are services rendered in the segment in question with no internal cost allocation. The segment investments contain additions to intangible assets, property, plant and equipment and non-current financial assets. No segment assets have been disclosed as this is not a component of regular management reports.

***Information on major customers***

In the same way as last year, no external customer generated more than 10% of the group's turnover.

## SEGMENT INFORMATION 2018/19

| FIGURES IN THOUSAND EUR | Austria | Germany | Hungary | Czech Republic | Other countries | Consoli-dation | Group |
|---|---|---|---|---|---|---|---|
| **Construction output** | **1,540,809** | **412,014** | **374,184** | **318,512** | **159,799** | **0** | **2,805,318** |
| **Reconciliation with IFRS financial statements** | | | | | | | **-132,556** |
| **Revenue** | **1,549,753** | **412,995** | **402,526** | **327,967** | **154,040** | **-174,519** | **2,672,762** |
| **Segment result** | **53,437** | **13,160** | **29,124** | **5,331** | **3,523** | **0** | **104,575** |
| *Included in the segment result:* | | | | | | | |
| *Interest income* | *4,978* | *18* | *910* | *149* | *229* | | |
| *Interest expense* | *-8,723* | *-404* | *-52* | *-96* | *-667* | | |
| *Depreciation and amortisation* | *-30,590* | *-10,260* | *-2,059* | *-3,745* | *-5,234* | | |
| *Share of results of associates* | *15,925* | *3,147* | *0* | *1,001* | *0* | | |
| **Reconciliation with IFRS financial statements** | | | | | | | **2,856** |
| **Earnings before tax (EBT)** | **68,560** | **16,318** | **27,915** | **4,369** | **3,166** | **-12,897** | **107,431** |
| **Investments** | **59,532** | **22,063** | **7,457** | **5,705** | **6,718** | **1,465** | **102,940** |
| **Order backlog** | **1,681,710** | **288,599** | **493,331** | **257,320** | **395,349** | **0** | **3,116,309** |

## SEGMENT INFORMATION 2017/18 corrected [1)]

| FIGURES IN THOUSAND EUR | Austria | Germany | Hungary | Czech Republic | Other countries | Consoli-dation | Group |
|---|---|---|---|---|---|---|---|
| **Construction output** | **1,434,890** | **309,970** | **270,489** | **210,675** | **150,442** | **0** | **2,376,466** |
| **Reconciliation with IFRS financial statements** | | | | | | | **-163,049** |
| **Revenue** | **1,395,864** | **301,303** | **301,711** | **230,551** | **137,319** | **-153,331** | **2,213,417** |
| **Segment result** | **51,898** | **9,843** | **16,324** | **5,633** | **1,338** | **0** | **85,036** |
| *Included in the segment result:* | | | | | | | |
| *Interest income* | *5,038* | *236* | *547* | *48* | *87* | | |
| *Interest expense* | *-8,989* | *-285* | *-31* | *-84* | *-809* | | |
| *Depreciation and amortisation* | *-27,009* | *-7,848* | *-1,970* | *-3,202* | *-4,326* | | |
| *Share of results of associates* | *16,245* | *2,105* | *0* | *1,542* | *0* | | |
| **Reconciliation with IFRS financial statements** | | | | | | | **-7,835** |
| **Earnings before tax (EBT)** | **38,278** | **13,953** | **16,312** | **8,814** | **844** | **-1,000** | **77,201** |
| **Investments** | **56,649** | **17,930** | **3,994** | **5,337** | **4,104** | **0** | **88,014** |
| **Order backlog** | **1,521,527** | **328,224** | **705,890** | **276,799** | **284,434** | **0** | **3,116,874** |

The major reconciliation items are the result of unconsolidated companies, project consortiums and IFRS measurements.

Reconciliation of the construction output with revenue:

| FIGURES IN THOUSAND EUR | 2018/19 | 2017/18 |
| --- | --- | --- |
| Other non-current equity investments, project consortiums | -170,987 | -129,865 |
| IFRS measurements | 38,431 | -33,184 |
| **Reconciliation** | **-132,556** | **-163,049** |

Reconciliation of the segment result with earnings before tax (EBT):

| FIGURES IN THOUSAND EUR | 2018/19 | 2017/18 corrected [1)] |
| --- | --- | --- |
| Investment income | -2,687 | -6,671 |
| IFRS measurements | 5,543 | -1,164 |
| **Reconciliation** | **2,856** | **-7,835** |

[1)] Due to an error correction in accordance with IAS 8, the previous year's figures were adjusted retrospectively

### (22) Disclosures on affiliated companies

HPB – Holding GmbH is a shareholder of SWIETELSKY Baugesellschaft m.b.H. which provides consulting services for the Group at market conditions.

Thumersbacher Geräteverleih GmbH is a shareholder of SWIETELSKY Baugesellschaft m.b.H. which renders machine and equipment rental services and consultancy services for the group at standard market rates.

Dr. Günther Grassner (chairman of the supervisory board) is a partner of the office RECHTSANWÄLTE GRASSNER LENZ THEWANGER + PARTNER, Linz, which renders consultancy services for the group at standard market rates.

Dr. Norbert Nagele (vice-chairman of the supervisory board) is a partner of the office HASLINGER/NAGELE & PARTNER RECHTSANWÄLTE GMBH which renders consultancy services for the group at standard market rates.

| | Services rendered | | Receivables | |
|---|---|---|---|---|
| **FIGURES IN THOUSAND EUR** | **2018/19** | **2017/18** | **31/3/2019** | **31/3/2018** |
| Thumersbacher Geräteverleih GmbH | 31 | 139 | 0 | 82 |
| RECHTSANWÄLTE GRASSNER LENZ THEWANGER + PARTNER | 50 | 33 | 0 | 0 |
| Dipl. Ing. Werner Baier | 10 | 0 | 0 | 0 |

| | Services received | | Liabilities | |
|---|---|---|---|---|
| **FIGURES IN THOUSAND EUR** | **2018/19** | **2017/18** | **31/3/2019** | **31/3/2018** |
| HPB – Holding GmbH | 120 | 180 | 0 | 0 |
| Thumersbacher Geräteverleih GmbH | 3 | 3 | 0 | 0 |
| Dr. André Hovaguimian | 120 | 180 | 0 | 0 |
| RECHTSANWÄLTE GRASSNER LENZ THEWANGER + PARTNER | 426 | 329 | 21 | 0 |
| HASLINGER/NAGELE & PARTNER RECHTSANWÄLTE GMBH | 174 | 7 | 0 | 2 |

As of the balance sheet date, the shareholders are not entitled or subject to any offsetting claims or obligations because of statutory dividends.

The following affiliated persons subscribed to a subordinated debenture (hybrid bond):

| **FIGURES IN THOUSAND EUR** | | |
|---|---|---|
| Thumersbacher Geräteverleih GmbH | (Shareholder) | 8,330 |
| Hellmuth Brustmann | (Shareholder) | 6,264 |

### (23) Disclosures on elements and employees

The following persons were active as **Managing Directors** in the financial year:

Peter Gal
Dipl.-Ing. Walter Pertl
Adolf Scheuchenpflug
Dipl.-Ing. Karl Weidlinger

The following members were part of the **Supervisory Board** of the company in the financial year:

| | |
|---|---|
| Dr. Günther Grassner | since 1.4.2018 Chairman |
| Dr. Norbert Nagele | since 1.4.2018 Vice-chairman |
| Dipl.-Ing. Werner Baier | until 4.9.2018 |
| Dr. André Hovaguimian | until 18.10.2018 |
| Ing. Franz Rohr | |
| Mag. Karl Schlögl | |
| Manuel Madurski | |
| Andrea Steinkellner | |
| Bruno Wyhs | |

The expenses for salaries contain the total earnings of the members of the management which amounted to kEUR 7,368 (previous year: kEUR 7,981). The expenses for severance payments of kEUR 1,763 (previous year: kEUR 1,837) relates to members of the management in key positions. Remuneration of kEUR 308 (previous year: kEUR 363) was paid to the members of the supervisory board.

### (24) Date of approval for publication

In Austria, the consolidated financial statements of limited liability companies (GmbH companies) are prepared by the management and approved by the supervisory board. The supervisory board of SWIETELSKY Baugesellschaft m.b.H. will convene on 24 September 2019 to approve the consolidated interim financial statements of 31 March 2019.

### (25) Extraordinary events after the closing of the financial year

No extraordinary events took place after the closing of the financial year.

Linz, 16 September 2019

The management

Peter Gal    Dipl.-Ing. Walter Pertl    Adolf Scheuchenpflug    Dipl.-Ing. Karl Weidlinger

# CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS

## AS OF 31 MARCH 2019

| FIGURES IN THOUSAND EUR | As of 1/4/2018 | Changes to the basis of consolidation | Currency translation | Reclassifi-cations | Additions | Disposals | As of 31/3/2019 |
|---|---|---|---|---|---|---|---|
| | | | | | | | Historical costs |
| **I. Intangible assets:** | | | | | | | |
| 1. Software and licences | 10,403 | 190 | -26 | 40 | 911 | 1,014 | 10,505 |
| 2. Goodwill | 10,251 | 0 | 0 | 0 | 1,465 | 0 | 11,716 |
| | **20,654** | **190** | **-26** | **40** | **2,376** | **1,014** | **22,221** |
| **II. Property, plant and equipment:** | | | | | | | |
| 1. Land, land rights and buildings, including buildings on third-party land (basic value kEUR 45,602; previous year: kEUR 42,243) | 175,295 | 3,244 | -683 | 4,250 | 7,250 | 1,560 | 187,796 |
| 2. Technical equipment and machinery | 379,857 | 6,877 | -910 | 6,572 | 49,061 | 9,614 | 431,843 |
| 3. Other equipment, operating and office equipment | 61,964 | 1,369 | -139 | 764 | 10,027 | 3,230 | 70,755 |
| 4. Assets under construction | 17,183 | 0 | -15 | -11,626 | 26,587 | 140 | 31,989 |
| | **634,298** | **11,490** | **-1,747** | **-40** | **92,925** | **14,544** | **722,383** |
| | **654,953** | **11,680** | **-1,773** | **0** | **95,301** | **15,558** | **744,604** |

| | Cumulative depreciation | | | | | | | Carrying amounts | |
|---|---|---|---|---|---|---|---|---|---|
| | As of 1/4/2018 | Changes to the basis of consolidation | Currency translation | Reclassifications | Additions | Disposals | As of 31/3/2019 | As of 31/3/2019 | As of 31/3/2018 |
| | 8,901 | 123 | -25 | 10 | 878 | 877 | 9,010 | 1,495 | 1,502 |
| | 1,126 | 0 | 0 | 0 | 0 | 0 | 1,126 | 10,590 | 9,125 |
| | **10,027** | **123** | **-25** | **10** | **878** | **877** | **10,136** | **12,085** | **10,627** |
| | 47,012 | 1,167 | -176 | 2 | 4,594 | 991 | 51,607 | 136,189 | 128,283 |
| | 248,223 | 2,283 | -593 | -104 | 39,374 | 8,126 | 281,057 | 150,785 | 131,634 |
| | 43,112 | 944 | -111 | 93 | 6,744 | 3,038 | 47,746 | 23,009 | 18,852 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 31,989 | 17,183 |
| | **338,347** | **4,394** | **-879** | **-10** | **50,713** | **12,155** | **380,410** | **341,973** | **295,952** |
| | **348,373** | **4,517** | **-904** | **0** | **51,591** | **13,032** | **390,546** | **354,058** | **306,579** |

# CONSOLIDATED STATEMENT OF CHANGES IN FIXED ASSETS

## AS OF 31 MARCH 2018

| | Historical costs | | | | | | |
|---|---|---|---|---|---|---|---|
| **FIGURES IN THOUSAND EUR** | **As of 1/4/2017** | **Changes to the basisof consolidation** | **Currency translation** | **Reclassifi-cations** | **Additions** | **Disposals** | **As of 31/3/2018** |
| **I. Intangible assets:** | | | | | | | |
| 1. Software and licences | 9,384 | 0 | 1 | 156 | 966 | 104 | 10,403 |
| 2. Goodwill | 10,251 | 0 | 0 | 0 | 0 | 0 | 10,251 |
| | **19,635** | **0** | **1** | **156** | **966** | **104** | **20,654** |
| **II. Property, plant and equipment:** | | | | | | | |
| 1. Land, land rights and buildings, including buildings on third-party land (basic value kEUR 42,243; previous year: kEUR 41,682) | 172,023 | 0 | 544 | 4,285 | 2,232 | 3,789 | 175,295 |
| 2. Technical equipment and machinery | 335,449 | 0 | 94 | 11,172 | 41,812 | 8,670 | 379,857 |
| 3. Other equipment, operating and office equipment | 55,125 | 0 | -34 | 1,169 | 8,424 | 2,720 | 61,964 |
| 4. Assets under construction | 6,064 | 0 | 20 | -16,783 | 30,151 | 2,269 | 17,183 |
| | **568,661** | **0** | **624** | **-156** | **82,619** | **17,448** | **634,298** |
| | **588,296** | **0** | **625** | **0** | **83,585** | **17,552** | **654,953** |

| Cumulative depreciation | | | | | | | Carrying amounts | |
|---|---|---|---|---|---|---|---|---|
| As of 1/4/2017 | Changes to the basis of consolidation | Currency translation | Reclassifi-cations | Additions | Disposals | As of 31/3/2018 | As of 31/3/2018 | As of 31/3/2017 |
| 8,249 | 0 | 1 | 0 | 754 | 103 | 8,901 | 1,502 | 1,135 |
| 0 | 0 | 0 | 0 | 1,126 | 0 | 1,126 | 9,125 | 10,251 |
| **8,249** | **0** | **1** | **0** | **1,880** | **103** | **10,027** | **10,627** | **11,386** |
| 43,545 | 0 | 204 | 0 | 4,505 | 1,242 | 47,012 | 128,283 | 128,478 |
| 222,257 | 0 | 374 | 0 | 33,582 | 7,990 | 248,223 | 131,634 | 113,192 |
| 39,844 | 0 | -21 | 0 | 5,726 | 2,437 | 43,112 | 18,852 | 15,281 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17,183 | 6,064 |
| **305,646** | **0** | **557** | **0** | **43,813** | **11,670** | **338,347** | **295,952** | **263,015** |
| **313,895** | **0** | **558** | **0** | **45,693** | **11,773** | **348,373** | **306,579** | **274,401** |

# LIST OF INVESTMENTS

## OF SWIETELSKY BAUGESELLSCHAFT M.B.H., LINZ

| | | | | | 31/3/2019 |
|---|---|---|---|---|---|
| ***Fully consolidated companies*** | | | **Currency** | **Registered capital** | **Group share** |
| A.S.T. Baugesellschaft m.b.H. | AT | Innsbruck | kEUR | 35 | 100% |
| Bahnbau Petri Hoch- und Tiefbau Gesellschaft m.b.H | AT | Fischamend | kEUR | 40 | 100% |
| Baumeister Karl Sedlmayer Gesellschaft mit beschränkter Haftung | AT | Grafenwörth | kEUR | 400 | 100% |
| C. Peters Baugesellschaft m.b.H. | AT | Linz | kEUR | 105 | 100% |
| Duswald Bau GmbH | AT | Neumarkt im Hausruckkreis | kEUR | 37 | 100% |
| Georg Fessl GmbH | AT | Zwettl | kEUR | 150 | 100% |
| HN-CW Errichtungsgesellschaft mbH | AT | Vienna | kEUR | 35 | 100% |
| HTB Baugesellschaft m.b.H. | AT | Arzl im Pitztal | kEUR | 40 | 100% |
| Ing. Baierl Gesellschaft m.b.H. | AT | Steinakirchen am Forst | kATS | 1,180 | 100% |
| Ing. Karl Voitl Gesellschaft m.b.H. | AT | Vienna | kEUR | 37 | 100% |
| Jos. Ertl GmbH | AT | Hörsching | kEUR | 105 | 100% |
| Kallinger Bau GmbH | AT | Fischamend | kEUR | 35 | 100% |
| Kontinentale Baugesellschaft m.b.H. | AT | Waidhofen an der Thaya | kEUR | 75 | 100% |
| Metallbau Wastler GmbH (vormals: ERWA Beteiligungs GmbH) | AT | Linz | kEUR | 73 | 100% |
| Romberger Fertigteile GmbH | AT | Gurten | kEUR | 900 | 100% |
| RTS Rail Transport Service GmbH | AT | Graz | kEUR | 100 | 100% |
| SWIETELSKY - INTERNATIONAL Baugesellschaft m.b.H. | AT | Linz | kEUR | 730 | 100% |
| Swietelsky Bauträger Ges.m.b.H. | AT | Linz | kEUR | 85 | 100% |
| Swietelsky Developments GmbH | AT | Vienna | kEUR | 35 | 100% |
| Swietelsky Immobilien GmbH | AT | Vienna | kEUR | 40 | 100% |
| Swietelsky Liegenschaftsverwaltung Bauhof Asten GmbH | AT | Linz | kEUR | 35 | 100% |
| Swietelsky Liegenschaftsverwaltung Klagenfurt GmbH | AT | Linz | kEUR | 10 | 100% |
| Swietelsky Liegenschaftsverwaltung Trumau GmbH | AT | Linz | kEUR | 10 | 100% |

| | | | | | 31/3/2019 |
|---|---|---|---|---|---|
| ***Fully consolidated companies*** | | | **Currency** | **Registered capital** | **Group share** |
| Swietelsky Tunnelbau GmbH | AT | Salzburg | kEUR | 35 | 100% |
| Swietelsky Tunnelbau GmbH & Co KG | AT | Salzburg | kEUR | 35 | 100% |
| Transportbeton und Asphaltgesellschaft m.b.H. | AT | Zams | kEUR | 73 | 100% |
| SWIETELSKY RAIL (AUSTRALIA) PTY LTD | AU | Potts Point NSW 2011 | kAUD | 5,400 | 100% |
| JB Stavební s.r.o. | CZ | Brno | kCZK | 200 | 100% |
| Swietelsky Rail CZ s.r.o. | CZ | České Budějovice | kCZK | 200 | 100% |
| SWIETELSKY stavební s.r.o. | CZ | České Budějovice | kCZK | 250,000 | 100% |
| Detect Rail Technologies GmbH | DE | Schönhausen (Elbe) | kEUR | 25 | 100% |
| RTS Rail Transport Service Germany GmbH | DE | Munich | kEUR | 25 | 100% |
| Swietelsky Baugesellschaft mbH. | DE | Traunstein | kEUR | 1,600 | 100% |
| Wadle Bauunternehmung GmbH | DE | Essenbach | kEUR | 25 | 100% |
| Terratop Hobmaier GmbH & Co. KG | DE | Vilsbiburg | kEUR | 44 | 80% |
| Terratop Hobmaier Verwaltungs GmbH | DE | Vilsbiburg | kEUR | 25 | 80% |
| Swietelsky Rail Danmark ApS | DK | Copenhagen | kDKK | 700 | 100% |
| SWIETELSKY CONSTRUCTION COMPANY LTD. | GB | Reading | kGBP | 100 | 100% |
| Swietelsky d.o.o. | HR | Zagreb | kHRK | 5,812 | 100% |
| CELL-BahnBau Danubia Kft. | HU | Celldömölk | kHUF | 6,000 | 100% |
| DS VASÚT Kft. | HU | Celldömölk | kHUF | 17,000 | 100% |
| Nyugat-Magyarországi Vasutépítő Kft. "v.a." | HU | Celldömölk | kHUF | 3,000 | 100% |
| SWIETELSKY Építő Kft. | HU | Budapest | kHUF | 5,001 | 100% |
| SWIETELSKY Magyarország Kft. | HU | Budapest | kHUF | 1,579,120 | 100% |
| Swietelsky Vasúttechnika Kft. | HU | Celldömölk | kHUF | 3,000 | 100% |
| Vasútgép Kft. | HU | Celldömölk | kHUF | 3,000 | 100% |
| Swietelsky Rail Benelux B.V. | NL | JR Oisterwijk | kEUR | 18 | 100% |
| Swietelsky Rail Norway AS | NO | Drammen | kNOK | 800 | 100% |
| Swietelsky Rail Polska Spolka Z o.o. | PL | Krakow | kPLN | 50 | 100% |
| Swietelsky Spolka Z o.o. | PL | Lublin | kPLN | 880 | 100% |
| Swietelsky Constructii Feroviare S.R.L. | RO | Bucharest | kRON | 699 | 100% |
| S.C. DRUMSERV SA | RO | Tirgu Mures | kRON | 7,082 | 100% |
| Swietelsky Slovakia spol.s.r.o | SK | Bratislava | kEUR | 89 | 100% |

**31/3/2019**

| *Associated companies* | | | Currency | Registered capital | Group share |
|---|---|---|---|---|---|
| Umfahrung Zwettl Errichtungs- und Betriebsgesellschaft m.b.H. | AT | Linz | kEUR | 35 | 50% |
| Eurailpool GmbH | DE | Ismaning | kEUR | 5,000 | 50% |
| Swietelsky-Faber GmbH Kanalsanierung | DE | Schlierschied | kEUR | 50 | 50% |

| *Other non-current equity investments – not consolidated* | | | Currency | Registered capital | Group share |
|---|---|---|---|---|---|
| Baldauf Fliesen und Baustoffe Gesellschaft m.b.H. | AT | Linz | kEUR | 40 | 100% |
| Diks und Swiera Immobilientreuhand GmbH | AT | Feldkirch | kEUR | 36 | 100% |
| SRT GmbH in Liqu. | AT | Linz | kEUR | 35 | 90% |
| TB Betonwerk Zams GmbH | AT | Zams | kEUR | 35 | 52% |
| ASB Nörsach GmbH | AT | Linz | kEUR | 35 | 50% |
| Asphaltwerk Seibersdorf GmbH | AT | Linz | kEUR | 35 | 50% |
| ASW - Asphaltmischanlage Zams GmbH | AT | Zams | kEUR | 36 | 50% |
| ASW - Asphaltmischanlage Zams GmbH & Co. KG | AT | Zams | kEUR | 150 | 50% |
| AWM Asphaltwerk Mötschendorf Gesellschaft m.b.H. | AT | Graz-St.Peter | kEUR | 35 | 50% |
| AWM Asphaltwerk Mötschendorf Gesellschaft m.b.H. & Co. KG | AT | Graz-St.Peter | kEUR | 40 | 50% |
| Hausruck Baugesellschaft m.b.H. | AT | Schlüßlberg | kEUR | 240 | 50% |
| PAM-Pongauer Asphaltmischanlagen GmbH | AT | St. Johann im Pongau | kEUR | 36 | 50% |
| PAM-Pongauer Asphaltmischanlagen GmbH & Co KG | AT | St. Johann im Pongau | kEUR | 36 | 50% |
| Asphaltmischwerk Weißbach GmbH & Co. Nfg. KG | AT | Weißbach bei Lofer | kEUR | 73 | 45% |
| AWB Asphaltmischwerk Weißbach Betriebs-GmbH | AT | Vienna | kEUR | 35 | 45% |
| Kieswerk-Betriebs-Gesellschaft m.b.H. | AT | Zams | kEUR | 40 | 38% |
| Pinzgau Beton GmbH | AT | Salzburg | kEUR | 40 | 37% |
| Pinzgau Beton GmbH & Co KG | AT | Salzburg | kEUR | 40 | 37% |
| Gaspix Beteiligungsverwaltungs GmbH | AT | Zirl | kEUR | 35 | 36% |
| RBA - Recycling- und Betonanlagen Ges.m.b.H. & Co. Nfg. KG | AT | Zirl | kEUR | 581 | 36% |
| AMS - Asphaltmischwerk Süd Gesellschaft m.b.H. | AT | Linz | kEUR | 36 | 35% |
| FMA Asphaltwerk GmbH | AT | Feldbach | kEUR | 35 | 35% |
| FMA Asphaltwerk GmbH & Co KG | AT | Feldbach | kEUR | 44 | 35% |

| Other non-current equity investments – not consolidated | | | Currency | Registered capital | Group share 31/3/2019 |
|---|---|---|---|---|---|
| Kieswerk - Betriebs - Gesellschaft m.b.H. & Co. Kommanditgesellschaft | AT | Zams | kEUR | 80 | 34% |
| AMW Asphaltwerk GmbH. | AT | Weitendorf | kEUR | 727 | 33% |
| AMG - Asphaltmischwerk Gunskirchen Gesellschaft m.b.H. | AT | Linz | kEUR | 44 | 33% |
| AMG - Asphaltmischwerk Gunskirchen Gesellschaft m.b.H. & Co. KG | AT | Linz | kEUR | 654 | 33% |
| TAM Traisental Asphaltmischwerk Ges.m.b.H. | AT | Nußdorf ob der Traisen | kATS | 600 | 33% |
| TAM Traisental Asphaltmischwerk Ges.m.b.H. & Co KG | AT | Nußdorf ob der Traisen | kATS | 1,000 | 33% |
| TB Transportbeton GmbH | AT | Linz | kEUR | 36 | 33% |
| AMW Leopoldau GmbH & Co OG | AT | Vienna | kEUR | 70 | 33% |
| AWT Asphaltwerk GmbH | AT | Stadtschlaining | kEUR | 700 | 33% |
| AMA Linz GmbH | AT | Linz | kEUR | 35 | 30% |
| AHRENTAL ABBAU- UND AUFBEREITUNGSGESELLSCHAFT M.B.H. | AT | Hall in Tirol | kEUR | 35 | 30% |
| Petschl Frästechnik GmbH | AT | Arbing | kEUR | 450 | 29% |
| ASW - Asphaltmischanlage Innsbruck GmbH | AT | Innsbruck | kEUR | 36 | 26% |
| ASW - Asphaltmischanlage Innsbruck GmbH & Co KG | AT | Innsbruck | kEUR | 150 | 26% |
| Hemmelmair Frästechnik GmbH | AT | Linz | kEUR | 73 | 25% |
| VAM - Valentiner Asphaltmischwerk Gesellschaft m.b.H. | AT | Linz | kEUR | 36 | 25% |
| VAM-Valentiner Asphaltmischwerk Gesellschaft m.b.H. & Co. KG | AT | Linz | kEUR | 73 | 25% |
| Swietelsky d.o.o. | BA | Sarajevo | kBAM | 2 | 100% |
| Strakonická obalovna s.r.o. | CZ | Sousedovice | kCZK | 24,258 | 51% |
| Obalovna Lipník s.r.o. | CZ | České Budějovice | kCZK | 30,000 | 50% |
| Obalovna Ostrava s.r.o. | CZ | České Budějovice | kCZK | 17,930 | 50% |
| Obalovna Středokluky s.r.o. | CZ | Praha 10 | kCZK | 5,000 | 50% |
| Obalovna Tábor s.r.o. | CZ | České Budějovice | kCZK | 5,000 | 50% |
| SČO s.r.o. | CZ | České Budějovice | kCZK | 10,000 | 50% |
| Západočeská obalovna s.r.o. | CZ | Plzeň - Koterov | kCZK | 40,000 | 50% |
| TBG SWIETELSKY s.r.o. | CZ | České Budějovice | kCZK | 10,000 | 49% |
| Obalovna Týniště s.r.o. | CZ | České Budějovice | kCZK | 30,000 | 33% |

| | | | | | | 31/3/2019 |
|---|---|---|---|---|---|---|
| ***Other non-current equity investments – not consolidated*** | | | **Currency** | **Registered capital** | **Group share** |
| Chebská obalovna, spol. s r.o. | CZ | Štěnovice | kCZK | 17,744 | 33% |
| Obalovna Louny s.r.o. | CZ | České Budějovice | kCZK | 30,000 | 33% |
| Brněnská obalovna, s.r.o. | CZ | Brno | kCZK | 24,000 | 25% |
| Hrušecká obalovna, s.r.o. | CZ | Hrušky | kCZK | 1,540 | 20% |
| RPM Wiebe & Swietelsky & Co KG | DE | Achim | kEUR | 1,000 | 49% |
| RPM Wiebe & Swietelsky Beteiligungs-GmbH | DE | Achim | kEUR | 26 | 49% |
| SWIETELSKY TRAVAUX FERROVIAIRES | FR | Metz | kEUR | 5 | 100% |
| SICE LIMITED | GB | Edinburgh | GBP | 50 | 100% |
| FSP (2004) LIMITED | GB | Blantyre | GBP | 100 | 50% |
| BELVÁROS TETÖTÉR Kft. | HU | Budapest | kHUF | 3,000 | 100% |
| G.K.S. SWIETELSKY Kft. | HU | Dunakeszi | kHUF | 3,000 | 100% |
| Harmatház Kft. | HU | Budapest | kHUF | 3,000 | 100% |
| Mandarino Kft. | HU | Budapest | kHUF | 3,000 | 100% |
| MÁVÉPCELL Kft. "f.a." | HU | Celldömölk | kHUF | 30,000 | 100% |
| Rapid Tanács Kft. "v.a." | HU | Celldömölk | kHUF | 3,000 | 100% |
| SwO Metro 4 "Rákóczi tér" Kkt. "v.a." | HU | Budapest | kHUF | 1,000 | 100% |
| SwO Metro 4 Kkt. "v.a." | HU | Budapest | kHUF | 10,700 | 100% |
| ZED-TBM Kft. | HU | Budapest | kHUF | 3,000 | 100% |
| Lajoskomárom-Dég Kft. "v.a." | HU | Budapest | kHUF | 3,000 | 51% |
| EULAB Kft. | HU | Dunakeszi | kHUF | 80,000 | 50% |
| ZAK-Építö Kft. | HU | Budapest | kHUF | 20,000 | 50% |
| M6-Autópálya Kkt. | HU | Budapest | kHUF | 1,060 | 33% |
| HTB - Hoch-Tief-Bau Srl | IT | Nalles | kEUR | 10 | 100% |
| SWIERA SRL in Liquidazione | IT | Nalles | kEUR | 100 | 82% |
| SWIERALP SRL in Liquidazione | IT | Nalles | kEUR | 10 | 82% |
| Cosbau S.r.l. in Liquidazione | IT | Nalles | kEUR | 6,000 | 28% |
| Swietelsky Rail Luxembourg S.àr.l. | LU | Windhoff | kEUR | 13 | 100% |
| S.C. AMFIBOSWIN SRL | RO | Sibiu | kRON | 11,757 | 57% |
| Swietelsky gradbeno d.o.o. | SI | Laibach | kEUR | 9 | 100% |
| Športfinal s.r.o | SK | Bratislava | kEUR | 7 | 100% |

# MODIFIED GROUP MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2018/19

OF SWIETELSKY BAUGESELLSCHAFT M.B.H., LINZ

**I. Macroeconomic environment**

Brexit and the trade conflict between the USA and China not only continue to dominate economic policy debates, but also impact the dynamics of the global economy. The Brexit deadline was extended once again at the summit of the EU's heads of state and government. Despite talks between the British government and the opposition, there is still no sign of a breakthrough. Trade talks between the US and China have not yet brought satisfying results; in May, the US had increased import tariffs on USD 200 billion worth of Chinese goods. Additional expansive monetary and fiscal policy measures give rise to hope that the slump in China's import growth observed at the end of 2018 was only of temporary nature and that the economy will recover at the beginning of 2019. This would have a very positive impact on the development of the global economy and international trade.

According to Austria's central bank, the eurozone economy is currently experiencing a weak phase (economic situation in April 2019). In this context, the contrasts between the large economies of the eurozone are particularly striking: While Spain is experiencing a strong economic cycle, French economy is characterised by a strong export growth influenced by one-time effects, and private consumption benefits from expansive fiscal measures, growth in Germany has come to a halt. Italy is in a technical recession. Since the quarterly growth in the eurozone amounted to merely 0.1% and 0.2% in the third and fourth quarter of 2018, no noticeable improvements are expected for the second half of 2019 according to the forecasting models. Expectations for the first quarter are slightly brighter based on weather conditions and delayed effects. The outlook for the second quarter, however, is subdued due to leading indicators, especially new orders in the industrial sector, experiencing significant slumps.

Development of the eurozone labour market remains stable despite the slowdown in economic growth. In February 2019, the unemployment rate was – as in January – at 7.8% and thus only 0.5 percentage points above the 7.3% low reached before the crisis. Youth unemployment was at 16.1% in February. According to the forecasts of the European Central Bank, the unemployment rate is not expected to decline any further during the current year. Employment increased by 0.3% in the fourth quarter of 2018. Figures for the first quarter of 2019 are not available yet, but the leading indicators suggest that the level of employment will remain stable.

The economy of the Euroconstruct countries grew by 2.0% in 2018, with the Eastern European countries Czech Republic, Hungary, Poland and Slovakia (EC-4 countries) contributing to this increase to a much greater extent (4.5%). In most of the member states, however, economic growth slowed down as compared to the previous year. This also holds true for large economies such as Germany, Great Britain and Italy, the latter recording the lowest growth rate with 0.9%.

The construction sector gained further momentum, too. After a plus of 4.2% in 2017, it managed to grow by 3.1% in 2018, reaching a total volume of EUR 1,610.0 billion, and thus still exceeds the development of the overall economic output considerably. In the EC-4 countries, the construction sector grew significantly by 14.0%, while growth in Western European countries was slower than in the past with an increase of 2.5%. In Sweden and Norway, the construction sector even declined slightly whereas in Great Britain it stagnated at 0.2%.

This positive development was mainly supported by new residential construction, although the growth rates were notably lower compared to 2017 (5.3%, 2017: 10.3%), and by the civil engineering sector which recorded an increase of 5.6%. Building construction accounted for a total output volume of EUR 1,277.4 billion (+2.5%) and the total output volume of civil engineering amounted to EUR 332.6 billion (+5.6%).

***Markets***

There are four core markets (Austria, Germany, Hungary, Czech Republic) and other countries.

***Austria***

The Austrian economy grew by 2.7% in 2018 maintaining a high growth level. In this respect, Austria benefits, in particular, from the favourable development of the world economy and the resulting increase in demand for Austrian products.

Favoured by the above-average household incomes and increases in wage and salary, domestic demand also stimulates economic growth. As a result, the situation on the labour market continues to be characterised by strong job growth with the unemployment rate dropping to 4.9% in 2018. Inflation decreased to 2% in 2018. After economic growth having been exceeding 2% for three years in a row, the growth rate is expected to slow down to 1.7% in the current year (Austrian Institute of Economic Research (WIFO) March 2019).

Boasting a plus of 2.8%, the Austrian construction sector saw a positive development in 2018. It is thus slightly below the average of the EC-19 countries but above the average of the Western European EC-15 countries (2.5%). Compared to the revised 2017 figures (+3.5%), this points towards a slow-down which is likely to continue also in the following years. In 2018, the total construction output in Austria amounted to EUR 42.6 billion, of which building construction accounted for EUR 34.3 billion (+3%) and civil engineering for EUR 8.3 billion (+1.7%). After having reached 4% in 2017, the growth in the residential construction sector slowed down to 2.6% (EUR 18.6 billion) in 2018. With respect to new residential construction, reasons for this development are declining building permits, high construction costs and slower population growth. The residential renovation market saw a more stable development. While its growth has been slower in the past, the future downturn will also be less steep. Other building construction sections still developed very well in 2018 and increased their volume by 3.5% to EUR 15.7 billion.

Civil engineering, on the other side, also saw a positive development but its growth amounting to 1.7% and the volume of EUR 8.3 billion still remained below sector average. Road construction generally stagnated at a volume of EUR 2.1 billion (0.5%). Boosts were recorded in relation to investments in railway systems (4.5%) and/or telecommunication (+6.5%).

In the last financial year, SWIETELSKY once again increased output in Austria. This growth across all sectors amounted to 7.4% (some EUR 105.9 million). The total output figure of EUR 1,540.8 million corresponds to 54.9% of the group's construction output. The share in output related to building construction amounts to some 47%. At 24%, the share of road and railway construction remained at the prior-year level. The share of the civil engineering sector increased to nearly 21% and the tunnel construction sector remained almost unchanged with a share of 8%.

***Germany***

The German gross domestic product (GDP) grew by 1.4% in 2018 according to the German Federal Statistical Office (Statistisches Bundesamt). This means a significant slow-down compared to 2016 and 2017 when growth was at 2.2%. Due to the strong decline in immigration, domestic demand decreased both in the public and private sector but it still remains a key driver of growth. Turbulences experienced in the global economy have a negative impact on the traditionally export-oriented German economy. Still, all in all, the German economy remains stable. According to the Federal Statistical Office, the GDP in the first quarter of 2019 was 0.4% higher than in the fourth quarter of 2018, after it had stagnated or seen a slight decrease in the two previous quarters.

With a total construction volume amounting to EUR 351.8 billion and 1.9% growth in 2018 (2017: 2.6%), the German construction sector continues to generate the largest share in output amongst all Euroconstruct countries. At 6.5% (EUR 68.2 billion), new residential construction once again was a growth driver, whereas residential renovation stagnated at 0.2% (EUR 131.2 billion). The remaining building construction sector grew by only 1.0%, which is in particular due to the renovations sector gaining merely 0.4%. Altogether, civil engineering grew by 1.9% reaching an amount of EUR 62.4 billion whereas road construction and railway construction stood out with their growth reaching 4.5% and 3%, respectively. Compared to previous years, the other areas of civil engineering (other transport infrastructure, telecommunication, energy and water supply) stagnated.

Once again, SWIETELSKY was able to significantly increase its output in Germany, which amounted to EUR 412 million. After the increase in volume by 25.3% in the year before, output growth in the reporting year reached 32.9%. Growth was sustained primarily by the building construction sector, which increased its share in output to 34%. The share of road and railway construction amounted to some 42% in the last financial year and that of civil engineering fell to 24% with no sector showing declining output rates.

### *Hungary*

Hungary's economy continues on its steep upward trend. With a growth of 4.9% in 2018, the country is still way above the EC-19 average.

The country's strong economic growth still remains attributable to the EU subsidies Hungary was granted for the period from 2014 to 2020 and the public contracts, in particular in the construction sector, resulting therefrom. Finally, the strong industrial sector, in particular the automotive industry, and the rising domestic purchasing power also contribute to this positive development. Hungary's economic growth is largely dependent on exports. The majority of the country's exports is carried out by foreign-owned companies. In particular, there is a strong dependence on the German automotive industry to which Hungary has a strong economic connection. The unemployment rate has currently dropped to 3.7%. A negative development, on the other hand, is the shortage of skilled workers which is caused by young and well-qualified Hungarians moving abroad.

The upswing which characterised the construction sector in 2017 continued in 2018 which saw a plus of 22.4%. New residential construction continued its strong upward trend reaching a growth rate of 40.0% and an output volume amounting to EUR 2.3 billion. By comparison, the residential renovation sector remained largely stable with a growth rate of 5% and an output volume of EUR 1.5 billion. The remaining building construction sector grew by 13.5% over all, reaching EUR 5.4 billion. Civil engineering, which sees a very positive development thanks to EU subsidies, increased its output by 33.0% to EUR 4.8 billion.

SWIETELSKY was able to increase its output in Hungary by 38.3%. Said growth was mainly based on road and railway construction which provided a more than satisfactory compensation for the drop in building construction. Of the total construction output amounting to EUR 374.2 million, some 74% is attributable to road and railway construction and some 16% were generated by the declined building construction sector. The share in output attributable to civil engineering amounted to 10% and thus remained largely stable.

### *Czech Republic*

The so far strong upswing in the Czech Republic is slowing down. While in 2017 the GDP still rose by 4.4%, economic growth in 2018 decreased to mere 2.9%. The main driver of growth remains the consumption of private households. Due to labour shortages, employees are in a good position to successfully negotiate high wages. Pensioners and civil servants also receive more money as tax revenue has reached a record high.

Labour shortages, which led to an extremely low unemployment rate of 2.2% in 2018, are a serious problem for many companies. Many businesses take full advantage of their entire capacities and are unable to find new personnel. This has a particularly negative impact on the industry sector.

The high investment volume provided by companies promotes economic growth. In particular, investments in new buildings contribute to a dynamic development. Both residential construction as well as the construction of office real estate and commercial premises show a steep upward trend. As the Czech Republic has been exceeding its potential for production for some two years, the industry sector needs investments in machines and automation technology.

The construction sector strongly benefited from this situation and saw a record growth of 13.2% with a total construction volume in the amount of EUR 22.3 billion. Increases in output concerned all sectors. Residential construction grew by 12.6% reaching EUR 7.7 billion and the remaining building construction sector saw an increase by 15.9% which was mainly due to construction contracts in the health and education sector and to the construction of office buildings. Civil engineering depending on public procurement grew by 9.5%. Large investments were made in particular in road construction (14.2%). In addition, the focus was also on railway systems (9.8%) and energy supply (8.8%).

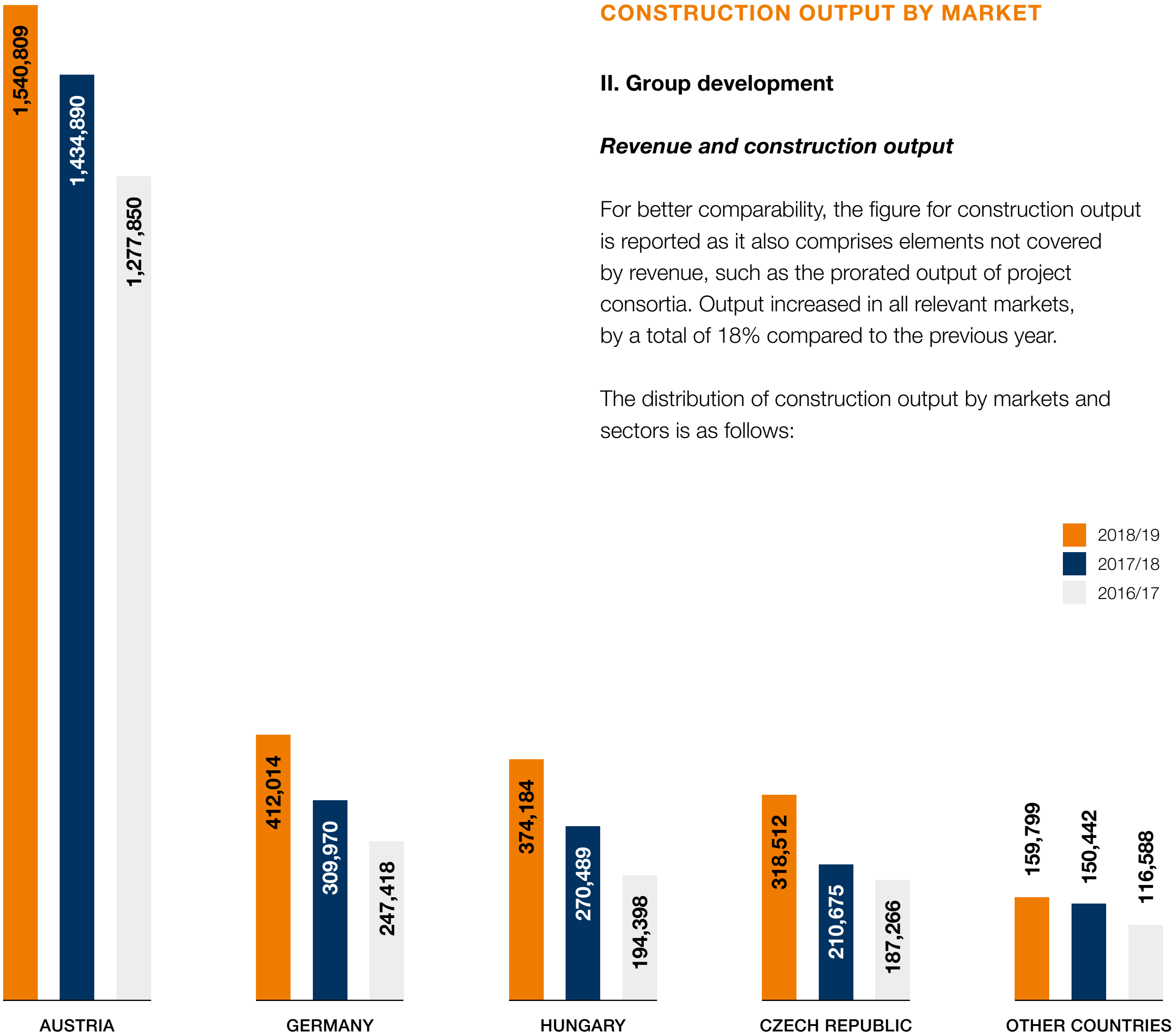
SWIETELSKY was able to benefit from this development and increased its output by 51.2% reaching EUR 318.5 million. While output increased in all sectors, 61% of the share in output was attributable to road and railway construction, 25% to building construction and 14% to civil engineering, with the proportion being similar to 2017.

***Other countries***

SWIETELSKY also operates outside the above-mentioned core markets, either via project-related production sites or subsidiaries. In addition to subsidiaries in Great Britain, the Netherlands, Denmark and Norway, this refers, in particular, to the CEE region.

In Romania, Croatia, Norway, Poland, Great Britain, Slovakia, Italy, the Netherlands, Denmark and Australia, SWIETELSKY group generated EUR 159.8 million which translates to some 5.7% of the total construction output.

## CONSTRUCTION OUTPUT BY MARKET




### II. Group development

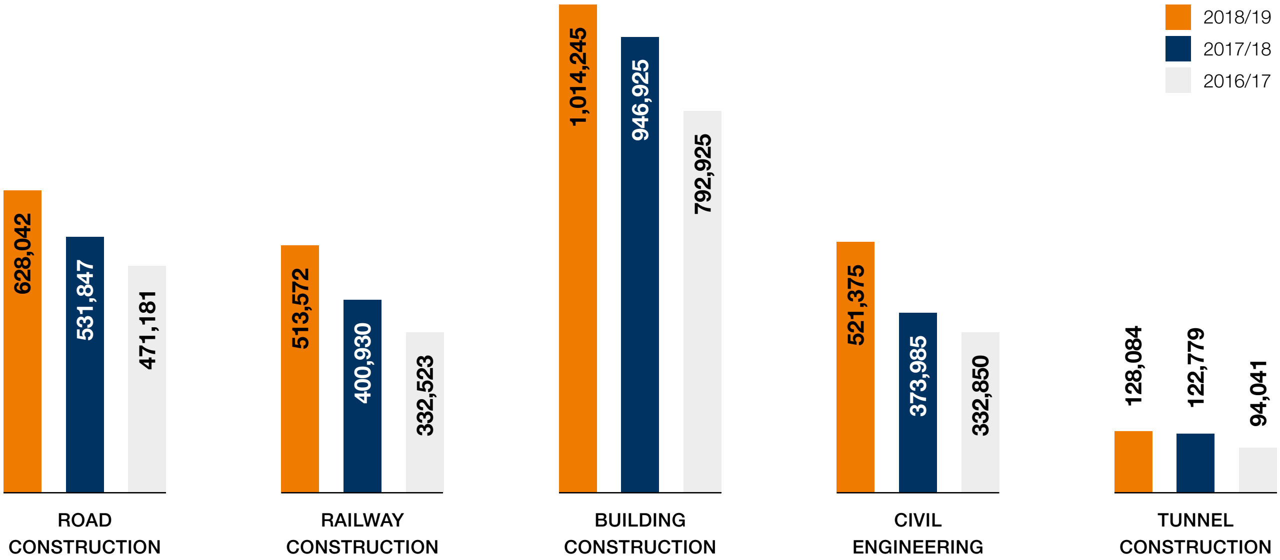
***Revenue and construction output***

For better comparability, the figure for construction output is reported as it also comprises elements not covered by revenue, such as the prorated output of project consortia. Output increased in all relevant markets, by a total of 18% compared to the previous year.

The distribution of construction output by markets and sectors is as follows:

| FIGURES IN THOUSAND EUR | 2018/19 | % | 2017/18 | % | 2016/17 | % |
|---|---|---|---|---|---|---|
| **by market:** | | | | | | |
| Austria | 1,540,809 | 55 | 1,434,890 | 60 | 1,277,850 | 63 |
| Germany | 412,014 | 15 | 309,970 | 14 | 247,418 | 12 |
| Hungary | 374,184 | 13 | 270,489 | 11 | 194,398 | 10 |
| Czech Republic | 318,512 | 11 | 210,675 | 9 | 187,266 | 9 |
| Other countries | 159,799 | 6 | 150,442 | 6 | 116,588 | 6 |
| **Total** | **2,805,318** | **100** | **2,376,466** | **100** | **2,023,520** | **100** |

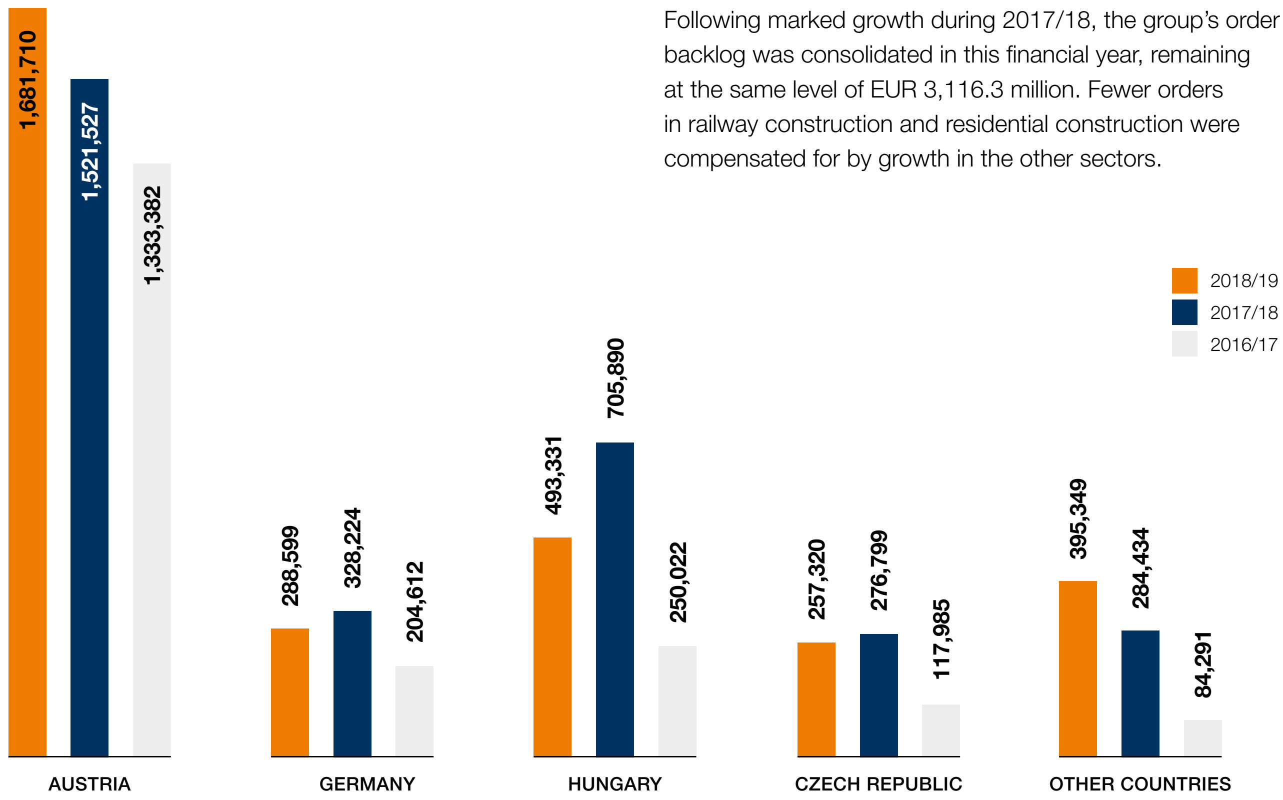
## CONSTRUCTION OUTPUT BY DIVISION




| FIGURES IN THOUSAND EUR | 2018/19 | % | 2017/18 | % | 2016/17 | % |
|---|---|---|---|---|---|---|
| **by division:** | | | | | | |
| Road construction | 628,042 | 22 | 531,847 | 22 | 471,181 | 24 |
| Railway construction | 513,572 | 18 | 400,930 | 17 | 332,523 | 16 |
| Building construction | 1,014,245 | 36 | 946,925 | 40 | 792,925 | 39 |
| Civil engineering | 521,375 | 19 | 373,985 | 16 | 332,850 | 16 |
| Tunnel construction | 128,084 | 5 | 122,779 | 5 | 94,041 | 5 |
| **Total** | **2,805,318** | **100** | **2,376,466** | **100** | **2,023,520** | **100** |

Analogously to output, revenue (reported in the IFRS financial statements at EUR 2,672.8 million) was some EUR 459.3 million or 20.8% above the previous year's figure. This year, there is a negative change in inventory (EUR 35.9 million) due to the realisation of in-house projects. Other operating income is at the level of the previous year, whereas own work capitalised saw an increase in the course of the investment programme.

## ORDER BACKLOG BY MARKET




### Order backlog

Following marked growth during 2017/18, the group's order backlog was consolidated in this financial year, remaining at the same level of EUR 3,116.3 million. Fewer orders in railway construction and residential construction were compensated for by growth in the other sectors.

| FIGURES IN THOUSAND EUR | 2018/19 | % | 2017/18 | % | 2016/17 | % |
|---|---|---|---|---|---|---|
| **by market:** | | | | | | |
| Austria | 1,681,710 | 54 | 1,521,527 | 49 | 1,333,382 | 67 |
| Germany | 288,599 | 9 | 328,224 | 11 | 204,612 | 10 |
| Hungary | 493,331 | 16 | 705,890 | 23 | 250,022 | 13 |
| Czech Republic | 257,320 | 8 | 276,799 | 9 | 117,985 | 6 |
| Other countries | 395,349 | 13 | 284,434 | 8 | 84,291 | 4 |
| **Total** | **3,116,309** | **100** | **3,116,874** | **100** | **1,990,292** | **100** |

### Profit situation

The last financial year 2018/19 was extremely satisfactory, exceeding the very good result of the previous year. Earnings before interest and taxes rose by EUR 29.8 million as compared to the previous year, with the core markets – mainly Hungary and Germany – again providing for pleasing contributions to income. At EUR 109,8 million, the achieved EBIT clearly surpassed the average figures of the past years. Due to the contributions from countries with a low tax rate, the tax burden only increased slightly (EUR 25.5 million vs. EUR 23.5 million in 2017/18).

## Financial position

| FIGURES IN THOUSAND EUR | 2018/19 | % | 2017/18 corrected [1] | % | 2016/17 corrected [1] | % |
|---|---|---|---|---|---|---|
| Non-current assets | 406,646 | 27 | 351,578 | 26 | 319,646 | 31 |
| Current assets | 1,089,937 | 73 | 993,526 | 74 | 710,445 | 69 |
| **ASSETS** | **1,496,583** | **100** | **1,345,104** | **100** | **1,030,091** | **100** |
| Equity | 434,682 | 29 | 364,712 | 27 | 322,251 | 31 |
| Non-current liabilities | 93,970 | 6 | 158,911 | 12 | 204,949 | 20 |
| Current liabilities | 967,931 | 65 | 821,481 | 61 | 502,891 | 49 |
| **EQUITY and LIABILITIES** | **1,496,583** | **100** | **1,345,104** | **100** | **1,030,091** | **100** |

| **Net debt** | | | |
|---|---|---|---|
| Financial liabilities | 79,957 | 81,419 | 140,024 |
| Provision for severance payments | 28,313 | 25,493 | 23,760 |
| Pension provision | 198 | 279 | 276 |
| Cash and cash equivalents | -525,003 | -507,767 | -317,251 |
| **Net debt** | **-416,535** | **-400,576** | **-153,191** |
| **Gearing** | **-0.96** | **-1.10** | **-0.48** |

Net debt = interest-bearing debt + non-current provisions – cash and cash equivalents
GEARING = net debt/equity

In the last financial year, we invested heavily again. The technical facilities and machinery were renewed and their capacity was increased, especially in the Austrian and German companies. But also Hungary and the Czech Republic saw new investments totalling some EUR 13.0 million. The investments in the total amount of EUR 95.3 million contributed to the growth of total assets considering disposals, depretiation and amortization of assets at EUR 74.5 million. The additional increases in current assets resulted in a balance sheet extension by some 11.3% to EUR 1,496.6 million.

With a total of EUR 34.4 million, provisions recorded the greatest increase on the equity and liabilities side. Liabilities rose by EUR 28.5 million, and other debt by a total of EUR 18.7 million. In spite of a dividend distribution of EUR 10.0 million, equity rose further, to EUR 434.7 million. The equity ratio thus saw a further increase, to 29.0%, a very pleasing value in the cross-sectoral comparison.

[1] Due to an error correction in accordance with IAS 8, the previous year's figures were adjusted retrospectively

## Selected key figures and financial performance indicators

| FIGURES IN THOUSAND EUR | 2018/19 | 2017/18 corrected [1)] | 2016/17 |
|---|---|---|---|
| Construction output | 2,805,318 | 2,376,466 | 2,023,520 |
| Revenue | 2,672,762 | 2,213,417 | 1,904,973 |
| Order backlog | 3,116,309 | 3,116,874 | 1,990,292 |
| Staff (annual average) | 10,351 | 9,475 | 8,957 |
| Construction output/Staff | 271 | 251 | 226 |
| | | | |
| Earnings before interest, taxes, depreciation and amortisation **(EBITDA)** | **161,379** | **125,667** | **114,936** |
| Earnings before interest and taxes **(EBIT)** | **109,788** | **79,974** | **72,840** |
| Interest income | -2,338 | -2,773 | -5,335 |
| Earnings before tax **(EBT)** | **107,431** | **77,201** | **68,611** |
| Earnings after tax | 81,965 | 53,698 | 56,142 |
| Operating Cash flow | 131,001 | 107,102 | 100,947 |
| | | | |
| Cash flow/Construction output | **4.7%** | **4.5%** | **5.0%** |
| Return on sales **(ROS)** | **4.1%** | **3.6%** | **3.8%** |
| Return on equity **(ROE)** | **26.9%** | **22.5%** | **21.8%** |
| Return on investment **(ROI)** | **7.7%** | **6.7%** | **7.3%** |
| | | | |
| Total assets | 1,496,583 | 1,345,104 | 1,030,091 |
| Equity | 434,682 | 364,712 | 322,251 |
| **Equity ratio** | **29.0%** | **27.1%** | **31.3%** |

ROS = EBIT/Revenue
ROE = EBT/Ø Equity
ROI = EBIT/Ø Total capital

**III. Risk management**

Responsible handling of our risks serves the ultimate goal of a long-term increase in company value. In the course of our risk management it must be ensured that both external risks – in particular those in the entrepreneurial environment – and internal inherent in processes and procedures, are evaluated and minimised. Existing and anticipated risks are expertly evaluated through our total value added process and systematically handled from an income return perspective, according to the company principle of 'putting earnings before sales'.

We make a distinction between core risks, which we accept ourselves, and other risks, which we are able to insure against or transfer to others.

***Market risk***

The construction sector as a whole is, depending on markets and divisions, vulnerable to diverse fluctuations. Unemployment, consumer behaviour, conditions on the financial and capital markets as well as the political climate, have an effect on our development. However, changing framework conditions also offer opportunities which SWIETELSKY has often been able to exploit in the past through its flexible organisation.

SWIETELSKY offers a broad range of services and strives to further diversify its portfolio with respect to products, services and markets and to spread risks optimally. Thanks to our entrepreneurial staff, we regard ourselves as in a good position to actively tackle this risk.

***Operational risks***

Project and contract risks accrue from the SWIETELSKY Group's traditional building and project business. All projects are audited and plausibility-checked throughout the tendering process up until the conclusion of contract for technical, commercial and legal risks. Guidelines and procedures for auditing in compliance with ISO 9001 ensure uniform calculation of project costs. Clear competence standards for transactions requiring approval safeguard the technical and economic evaluation and analysis of tenders.

When taking on projects, costing guidelines and procedures regulate uniform calculation of project costs. Order processing is controlled via monthly variance analyses and constantly supervised by central controlling. In the performance phase there is a risk that tight completion schedules cannot be adhered to. Insofar as these missed deadlines affect our business, the threat of contractual penalties exists.

We manage warranty risks by conducting consistent quality management and, where necessary, demanding securities or guarantees from contractors.

SWIETELSKY strives to avoid legal disputes. However, as this aim is not always achievable, domestic and overseas entities may become involved in legal or arbitration procedures, the outcome of which is naturally difficult to predict. We operate on the assumption that, following due diligence for all pending litigation, appropriate financial provisions are established.

***Human resource risk***

Human resource risks arise from employee turnover, the resulting loss of knowhow and the lack of specialist and management staff and suitable trainees. SWIETELSKY therefore strives to further develop their employees' qualifications and to support the internal career opportunities within the SWIETELSKY group. Monetary incentive systems make SWIETELSKY an attractive prospect, especially to business-minded employees. Additional initiatives for health promotion and the improvement of working conditions and employee satisfaction contribute to the company's reputation.

***Procurement risk***

SWIETELSKY strives to cooperate on a long-term basis with its partners. In central procurement, framework contracts and framework price agreements are closed with selected suppliers. The operative units can reach these suppliers if needed using a central procurement portal. Through observation of the market for energy and raw materials and constant monitoring processes, we attempt to minimise the risk of possible losses due to price increases in this area, whereby primary measures (for example physical procurement and threshold agreements in construction contracts) provide a fundamental advantage over derivative instruments.

### *Financial risks*

SWIETELSKY has robust, long-term financial structures and uses conservative financial instruments.

A liquidity risk arises if solvency and financial capability is impaired. Our financial resources contain appropriate growth and liquidity reserves and the corresponding lines of revenue are widely dispersed.

Overall, we ensure that all group companies have sufficient, long-term cash and guarantee credit capacities to successfully finance business operations and new projects. Due to a lack of need, however, cash credit facilities have been reduced to the operatively necessary amount (i.e. the facilities necessary for the implementation of transactions and for hedging FX risks), as it is rarely necessary to use cash facilities due to high liquidity levels. These are partially converted to guarantee facilities, further guarantee facilities have been offered to us by several institutes (banks, insurance providers), however, only some of these have been implemented in a demand-orientated way.

High advances from – mostly public – clients have led to our high bank deposits. In Hungary in particular, high advances are still standard business practice in the construction sector.

Through appropriate diversification, we continue to avoid negative interest for deposits.

To better meet treasury requirements in the group, a group treasury system has been implemented which is being rolled out to the individual countries gradually.

A central debtor management function constantly audits the creditworthiness of customers, oversees payment agreements and thus secures receipt of payments. The interest rate risk is constrained centrally by the group's financial management via hedging transactions. Foreign currency risks are minimised through forward exchange transactions. Adherence to internal guidelines is overseen by an appropriate control system.

### *IT risk*

With regard to technical development and the growing significance of digitalisation, the protection and securing of our own and our customers' entrusted information, as well as information about business processes and systems is of enormous importance.

As part of the IT security strategy, strategic measures have been taken, which are continuously improved using an ongoing process due to the momentum of digitalisation. External audits support this process and are an important element for identifying risks early.

The significance of the 'human' element of IT security has been taken into account by introducing additional training and sensitising measures.

### *Misconduct risk and compliance*

In the future, just as in the past, SWIETELSKY wishes to be accepted as a reliable and competent partner to its customers and suppliers and to all its business partners in the public and private sectors. It is the responsibility of every individual to behave at all times fairly, respectfully, with integrity and in a law-abiding fashion towards colleagues, customers and contractors, but also towards competitors. To support this, our written code of conduct is in place, which reflects the guidelines and principles of our values and which is to be upheld by every SWIETELSKY employee, regardless of position. This code forms the basis of proper conduct from a moral, ethical and legal aspect and is available in our core markets in the respective national languages.

As part of the development of the compliance management system, SWIETELSKY builds above all on internal communication, instruction and training. These measures and the code of conduct should significantly contribute to embedding these moral concepts in the company. The executive board will promote the embedding of these values within the business even more vigorously and expresses a clear commitment to zero tolerance of misconduct in this area.

## IV. Report on essential characteristics of the internal control and risk management system with regard to the financial reporting process

### *Introduction*

The aim of the internal control system is to support management to be in the position to ensure effective and continuously improving internal controls with regard to financial reporting. It is aimed on one hand at adherence to guidelines and regulations and on the other hand at creation of advantageous conditions for specific control measures in key accounting procedures.

The accuracy and reliability of financial reporting is of prime importance, both for management decisions and for the provision of information to creditors and lending banks.

The internal control system comprises, in addition to assessment of operational risks, adherence to legal and proprietary standards and processes of the SWIETELSKY Group. Its aim is the uniform mapping of business transactions, thereby supporting management via decision-relevant information. This is implemented through ensuring comparability of data via both relevant statutory provisions and internal guidelines. Relevant requirements for ensuring correctness of internal and external financial reporting are recorded in internal accounting and valuation regulations.

### *Control environment*

The implementation of the internal control system with regard to the financial reporting process is stipulated in internal guidelines. Responsibilities for the internal control system are adapted to the corporate structure, in order to ensure a satisfactory controlling environment which meets requirements.

### *Risk assessment*

Risks relating to the financial reporting process are raised and monitored by management. The focus here is on significant risks.

For preparation of financial statements, regular estimates must be made, whereby there is an intrinsic risk that future growth will deviate from these estimates. This particularly affects the following issues and items on the company financial statement: valuation of unfinished construction projects; valuation of provisions, including social capital provisions; outcomes of legal disputes; collectability of receivables and intrinsic value of investments and goodwill. In individual cases external experts are consulted or delegation made to publicly available sources, in order to avoid the risk of misjudgement.

### *Control measures*

All control measures are applied in the ongoing business process, in order to ensure that errors or discrepancies in financial reporting are avoided. Control measures range from reviews of interim results by management through to reconciliation of accounts and monitoring of cost centres.

A clear separation of functions, various control and plausibility checks and a continuous application of the ‘four-eyes principle‘ ensure accurate and reliable accounting. The departments and areas involved in the financial reporting process are appropriately equipped both in terms of expertise and personnel. The staff deployed are carefully selected, trained and receive ongoing further training.

Since the SWIETELSKY Group comprises several decentralised units, the internal control system must also be decentralised, while the processes performed by the controlling department are overseen centrally. Responsibility for the organisation and practical application of control measures lies with the individual manager of the accountable area.

Due to legal and economic demands and the decentralised structure, particular attention is paid to the IT systems used within the group. All business processes rely significantly on the secure functioning of information and communications technology. Support for business processes via integrated information and communications technology is an essential requirement for expanding the market position of the SWIETELSKY Group.

The security of data and information processed within the company against access by unauthorised persons is ensured.

***Information and communication***

Guidelines and regulations for financial reporting are regularly updated by management and communicated to all staff concerned.

Regular discussions regarding financial reporting and the associated guidelines and regulations take place in various committees. As well as management, departmental managers and leading employees from the accounting department also sit on these committees.

The staff involved are continuously trained with regard to innovations in national and international accounting, in order that the risks of inadvertent misreporting can be recognised in good time.

## V. Staff

In the last financial year, SWIETELSKY on average employed 10,351 staff (2017/18: 9,475). Of these, 6,711 were blue-collar workers and 3,640 white-collar workers (2017/18: 6,151 blue-collar workers and 3,324 white-collar workers). In the last financial year, we again hired significantly more staff. Additions mainly concern Austria (352 individuals), Germany (156 individuals), Czech Republic (142 individuals), Hungary (102 individuals) and Slovakia (83 individuals).

We see our staff as the key to corporate success. Entrepreneurial thinking and autonomous action have long been an essential part of our corporate culture. Many small units under a common roof have been and continue to be the key to our success. The transparent bonus model provides additional motivation and commitment. Loyalty to the company is rewarded under a graduated core bonus scheme and a generous long-service arrangement.

To meet increased requirements on the labour market, HR marketing activities were pooled and realigned. Our ‘We Swietelskys - feels like family’ campaign uses traditional channels and social media activities, both in-house and externally, to invite existing and future staff to feel as one big Swietelsky family.

This ties in with the new human resources strategy we worked out, with its key areas of activity including employer branding, training and further education, digital HR systems, further establishment of HR standards, and counselling the decentralised units.

For the purposes of sustainable staff development, due attention is given to training and further education in the form of in-house advanced training events or external courses. Staff development activities include continually assessing the need for training and further education measures in order to maintain and further develop relevant qualifications.

Our internal site manager training programme is very popular; it is composed of 6 technical and 2 social modules to be completed on an in-service basis over 2 years. Last year, the focus was again on commercial courses, which are to be held at regular intervals in the future. This serves both to meet increasing requirements under finance and tax law and to give new staff the opportunity to get to know the commercial organisation of SWIETELSKY. Such compliance training familiarises all our staff with our system of values. The code of conduct was translated into all group languages and new staff were made aware of it right upon joining our organisation.

Staying abreast of demographic changes, apprentice training continues to be paid special attention in Austria. Currently, the SWIETELSKY Group in Austria is training some 200 apprentices in 14 professions.  Our apprentice academy has proved especially popular. Here, in two training blocks of three weeks each, apprentices are taught not just theoretical knowledge, such as risk prevention on building sites, but also practical knowledge. The modules are led by experienced foremen and encompass laying of paving stones and slabs, specific building techniques, formwork and basic carpentry skills.

The working environment of our staff is designed with occupational safety, health protection and environmental protection taken into account. The emphasis of occupational health guidance is not only on risk assessment and avoidance of workplace accidents, but also on measures for early detection of possible work overload. In addition, regular training courses and activities are offered which not only aim to avoid accidents and illness but are also aimed at actively promoting the health of employees.

The management thanks all staff, whose commitment and professional competence have contributed to our ability to reach most of our corporate goals, even in this difficult economic environment.

We would also like to thank our works council for their objective and constructive cooperation.

**VI. Quality management**

Within the construction industry, the demands of planning, preparation and implementation are becoming increasingly more complex and extensive, for reasons including the changing legal framework.

For this reason, a certified quality management system based on international standards has been in existence for nearly twenty years. The decision was made to develop and implement a user-friendly and efficient integrated management system. It is available to staff as a supporting toolkit to ensure that implementation conforms to contractual and legal requirements.

As well as quality (ISO 9001), our integrated management system also encompasses occupational health and safety (OHSAS 18001) and environment (ISO 14001). In addition, there are areas where specific quality requirements are implemented. These include a safety management system, a certified entity in charge of maintenance (ECM) and a safety certificate for contractors (SCC**) in the railway construction unit, as well as certificates proving our competence regarding the creation of load-bearing steelwork. Through internal and external audits and the annual executive management review, the application and implementation of standards is assured, assessed and, where necessary, adapted. To enable our stakeholders to obtain a comprehensive view of the SWIETELSKY Group, its services and all its non-financial activities, we plan to publish a Group-wide sustainability report in autumn 2019.

***Mission statement and company policy***

The mission statement is determined by management in accordance with the Group strategy and geared to the type of service.

We plan the specific customer benefit in expert professional consultation, before and during construction phase. The employees provide the customers with their long-term experience and their overall expertise. We aim to serve our customers even after completing the service and maintain customer contact.

We plan and operate in accordance with the principle: ‘quality over quantity’.

This is the prerequisite for the successful realisation of our projects. The responsible running and handling of construction sites and services, as we understand it, means ensuring a consistently high standard of quality. Aspects like environmental protection have a high significance for us, just as adhering to customer’s delivery dates does. For us, quality also means being able to offer the customer not just personnel with first class training but also a state of the art equipment fleet taking into account resource-saving environmental aspects.

Our company policy is ‘return before revenue’. For this reason, people in responsibility positions have a lot of freedom of choice in the acquisition and implementation of projects. With the aid of cost accounting, we can transparently measure economic success and confirm this with the responsible people on a monthly basis.

It is a declared goal of management to implement the legal requirements in relation to preventative occupational safety and health protection.

To fulfil the requirements, corresponding programmes taking into account occupational physicians, safety officers and the responsible representatives are implemented.

All areas of organisation are involved in ensuring a robust environmental performance taking into account the client and the legal requirements. For this, there are set goals and environmental programmes derived from the mission statement to be implemented from an economic perspective.

There are further management goals and programmes to consider the relevant environmental aspects, as well as the legal conditions.

We see our suppliers and subcontractors as powerful partners. Our collective goal is optimal customer satisfaction. To achieve this, it is necessary to consider qualitative and economic aspects and those relevant to the environment in the selection of our suppliers and subcontractors and to evaluate these as part of the provision of services according to set criteria. Our mission statement is geared towards preventative error avoidance and a continuous improvement of operational and organisational structure.

### VII. Environment and energy

The construction sector is a resource- and energy-intensive branch of industry and therefore impacts significantly and extensively on the environment. Aware of finite resources and increasing environmental damage, SWIETELSKY strives to ensure the application of resource-saving processes and environmentally friendly equipment in all project phases.

We have our own waste management system, waste management plans and environmental officer, thus environmental protection, taking into account extensive legal requirements, is afforded great importance.

SWIETELSKY endeavours to the best of its ability to participate in reaching the EU target of recycling 70% of construction waste and thereby reducing landfill.

Because of these requirements, SWIETELSKY considers itself obliged to transform the mineral wastes from construction sites into CE-marked materials recycling products as far as possible. Certified in-house production controls serve to ensure the quality control of these products. In order to improve environmental performance, it is necessary to utilise these materials increasingly at the point of origin or to use them as substitutes in the production of building materials. Thus primary raw materials are conserved and the logistics outlay and resulting emissions reduced.

Non-reusable waste is sorted according to material and stored temporarily in an environmentally compatible fashion. Segregated collection means expenses are reduced and the recycling rate is increased. SWIETELSKY also ensures proper disposal via the operation of landfill sites.

Various energy and environmental protection projects are developed and implemented in branches and subsidiaries. Production facilities are regularly evaluated for energy efficiency and updated with regard to economic aspects. On the basis of the opportunities for improving energy efficiency put together in the last energy audit report, smaller and larger projects are being developed and implemented. These begin with the ongoing switchover to LED lighting in office and production spaces and end with greater investment and the replacement of heating systems.

When investing in fleet and when new machinery and equipment is purchased, energy consumption is a significant decision criterion. Annual $CO_2$ monitoring is provided for the significant vehicle types in the fleet.

The ongoing recording of the use of energy in the production process enables us to show savings potential by comparing production costs at different production sites.

In many areas, particularly in mountainous regions, SWIETELSKY tackles erosion control with both technical and biological methods. In addition, innovative solutions, tailored to the specific site, are being developed. These developments have in some cases also resulted in patent applications.

In the environmental domain, the primary aim is to conserve resources such as air, water, energy and soil, to optimise materials and logistics outlay and to reduce emissions as far as possible. Continuous improvement of the quality awareness and environmental awareness of staff is therefore regarded by management as an executive function.

### VIII. Technology and innovation

Advancements and new solutions are developed on various levels at SWIETELSKY. The IMS – 'integrated management systems' – department, ensures that our company is informed about the latest developments specific to the building materials and construction techniques sector. The commitment of highly qualified staff ensures that we are in a position to carry out our own developments as well as contributing to and arranging research projects.

In addition to specific research and development projects, a large percentage of innovations take place as part of ongoing construction projects in which new solutions are required due to scheduling, geological or technical framework requirements. Almost on a yearly basis, new technologies are developed in tunnel, alpine and railway construction or innovative methods are put to use and continuously developed and improved. In the last years, research and development projects were submitted in the field of civil engineering for the first time. Based on solution-oriented thinking, new construction methods were successfully applied for the first time.

Rapid development in the area of environmental sustainability of building products and excavated soil necessitates developments in the area of testing methodology and adaptation of existing test methods in our accredited test and inspection centre. Here the organisation and evaluation of round robin tests and comparative tests are essential tools. Our knowledge in this field is also used by external construction material manufacturers as part of studies and reports.

The findings obtained as part of materials testing help to develop sustainable applications.

**IX. Outlook**

The IMF forecasts global growth at a rate of 3.3% for 2019. According to the IMF, the growth rate should reach its low in the first half of 2019, followed by a slight increase, to arrive at 3.6% in 2020. The slowing down of global growth is mainly attributable to the moderate development of international trade and thus mainly affects the industrial sector and countries whose GDP growth largely depends on their exports of industrial goods. The forecasts of the IMF show a weak growth development in the eurozone in the first two quarters of 2019 and expect a growth rate of 1.3%. The forecasts for the Euroconstruct countries are heterogeneous. While the western European countries (EC-15) also expect a growth rate of 1.3%, the EC-4 countries are predicted to develop much better in 2019, at a rate of 3.6%. A slight increase is also expected for 2020 and 2021 (EC-19 countries in 2020: 1.6%, 2021: 1.5%).

The downturn of the economy will also have an impact on the construction sector. In 2019, a total growth rate of 1.9% is expected for the construction sector, and it will probably go down further in 2020 (1.5%) and in 2021 (1.4%). A weaker development is in store mainly for building construction, which is expected to grow by a mere 1.0% in the EC-15 countries in 2019 and 2020. The better development in the EC-4 countries (5.4% in 2019 and 3.2% in 2020) has only a minor impact, as their volume amounts to no more than just above 5% of the overall market (building construction total 2019: EUR 1,293.7 billion, building construction EC-4 countries 2019: EUR 71.9 billion). The growth rates of civil engineering should be considerably higher with 4.2% in 2019, 3.1% in 2020 and 2.9% in 2021. However, the forecasts for the individual countries vary greatly.

The growth momentum in Austria is slowed down by the weak economic activity in Germany and the recession in Italy, both of which are responsible for marked downturn of the economy in the eurozone. This resulted in all confidence indicators dropping significantly in the first quarter of 2019. The trade conflict between the US and China as well as the risk of a disorderly Brexit affect the Austrian export sector negatively. The German automotive industry has an even greater impact on the Austrian economy, however, with the Austrian automotive supply industry feeling the brunt of production cutbacks and sanctions. The increase in industrial production in January 2019 came as a positive surprise, as the lower confidence indicators are mainly a result of the declining expectations of the industry. In turn, both the lower inflation rate and the strong employment growth are expected to have a positive impact on the real income trend.

Against this backdrop, the Austrian Institute of Economic Research (WIFO) and the Institute for Advanced Studies (IHS) significantly revised their GDP 2019 forecasts from December 2018 downwards in spring but their outlook for 2020 remained unchanged. Overall, relatively stable growth rates of about 1.7% are expected for 2019 and the following years (2019: 1.7%, 2020: 1.8%, 2021: 1.7%).

The decline of economic growth will also have an impact on the construction sector. For 2019, a growth rate of 1.8% has been anticipated. Further slight increases are expected for 2020 and 2021 (2020: 1.2%, 2021: 1.1%). Building construction – In particular new builds – will decline and, following the boom of the two previous years, growth will drop to 1.8% in 2019 and 0.9% in the years 2020 and 2021.

The growth rates of civil engineering should experience an upward trend and, following 2.0% in 2019, 2.4% should be attained in 2020 and 1.9% in 2021. This sector is expected to benefit from investments in motorways and railway networks in the years to come. With respect to the energy sector, investments are expected in renewable energies to meet the climate goals.

In Austria, SWIETELSKY expects a slight increase in construction output.

The German economy increased markedly in the first quarter of 2019, after it had more or less stagnated in the second half of 2018, not least because of one-time effects. Gross domestic product grew by 0.4% in the first quarter. The strong domestic economy remained unaffected by the currently troubled external economic environment in the first quarter. Value generation in parts of the domestically-oriented service sectors was increased considerably. The manufacturing industries, which have a stronger focus on exports, saw declining value generation. On the demand side, consumers were exceptionally active at the beginning of the year, while companies invested substantial amounts despite subdued business opportunities according to the Federal Statistical Office. Both exports and imports were expanded. However, despite a good start into the year, the German economy has not yet overcome its weak phase. This phase will be overcome with lasting effect only when the external economic environment slightly improves and the uncertainty caused by the trade conflicts and fears of a potential Hard Brexit decline. Currently, the defining indicators predict a still rather subdued industrial activity.

Following years of stable growth, momentum will likely be lost in the construction sector in 2019 (0.2%). Despite the strong growth rates of the past few years, new residential construction, in particular, will suffer losses in the years to come (2020: -0.5%, 2021: -1.5%) after a moderate growth rate in 2019 (3.5%). The growth rate of the residential renovation sector already decreased in 2019 (-0.5%) and is expected to decline at this level also in subsequent years. The other areas of the building construction sector are also expected to slightly decrease in the years to come (2019: -0.6%, 2020: -1.1% and 2021: -0.7%). Despite fiscal surpluses, civil engineering, too, is expected to slightly drop in the following years (2019: -0.8%, 2020: -1.0% and 2021: - 0.5%).

With respect to its activities in Germany, SWIETELSKY expects a slight decrease in output for the current financial year, in line with the general trend.

The prospects for the Hungarian economy remain excellent. Further economic growth is expected at rates of 3.8% for 2019, 3.2% for 2020 and 3.0% for 2021. This development can be attributed primarily to the increase in EU subsidies for the period from 2014 to 2020 and the resulting public contracts, in particular in the construction sector. The economic development in Hungary is largely dependent on exports, in particular exports by the automotive industry to Germany. 93% of the Hungarian industrial output is exported. Furthermore, the economy can also rely on the growing purchasing power of Hungarian households.

While the construction sector will profit from the positive development of the economy, it will likely not be able to match the high growth rates of 2017 and 2018. The allocation for 2019 is still very homogeneous. Residential construction is expected to grow by 9.2% and the remaining building construction by 8.2%. The growth forecast for civil engineering is 10.2%. Residential construction will slow down in the years 2020 (2.9%) and 2021 (-0.9%), while the remaining building construction sector will continue to grow (2020: 5.6%, 2021: 6.4%). Despite the tremendous growth recorded in 2017 and 2018, civil engineering will continue to grow (2019: 10.2%, 2020: 7.3% and 2021: 3.8%). In total, the construction sector is anticipated to grow by 9.2% in 2019, by 5.4% in 2020 and by 3.5% in 2021.

SWIETELSKY's forecast for Hungary is another increase in output.

The economy of the Czech Republic is continuing to grow, but economic activity will probably show a downward trend. Acute labour shortages – the unemployment rate is currently at a mere 2.2% and should remain low – appreciations of the Czech koruna and rising interest costs lead to lower growth rates. According to Euroconstruct, 2.6% growth is expected for 2019, which will probably continue to decline in 2020 (2.4%) and in 2021 (2.3%).

Contrary to the original forecasts, the development of the construction sector in 2018 was much better than predicted (original forecast: 5.0%; actual growth: 13.2%). This momentum will not last, even though growth rates are expected that are significantly above the average of the EC-19 countries. A total increase by 4.1% has been forecast for 2019, with building construction – driven by renovations – expected to grow by a total of 4.5% and civil engineering by 2.6%. For 2020, a growth rate of 3.1% is expected for building construction and civil engineering. In 2021, both sectors will probably grow significantly (building construction: 5.5%; civil engineering: 7.9%), by a total of 6.0%.

SWIETELSKY expects a consolidation of the high output level in the Czech Republic.

SWIETELSKY will attempt to acquire promising projects in the other countries, depending on the sector and/or market.

In the current financial year 2019/20, SWIETELSKY expects the construction output to grow by approximately 4% on the same level as the previous years, based primarily on the core markets Austria, Hungary and the Czech Republic. This forecast is underpinned by the persistently high order backlog of the group amounting to EUR 3,116 million by the end of the financial year.

Linz, 16 September 2019

The Management

Peter Gal | Dipl.-Ing. Walter Pertl | Adolf Scheuchenpflug | Dipl.-Ing. Karl Weidlinger

# RESULT OF THE SUPPLEMENTARY EXAMINATION AND AUDITOR'S REPORT

## REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

### Audit Opinion to the original Consolidated Financial Statements

We have audited the consolidated financial statements of **SWIETELSKY Baugesellschaft m.b.H., Linz,** Austria and its subsidiaries (the Group), which comprise the Consolidated Balance Sheet as at 31 March 2019, and the Consolidated Income Statement and Statement of Comprehensive Income, Consolidated Statement of Cash Flows for the year then ended and Consolidated Statement of Changes in Equity, and the Notes to the Consolidated Financial Statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 March 2019, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code).

### Basis for our Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are described in the 'Auditor's Responsibilities' section of our report. We are independent of the audited Group in accordance with Austrian Generally Accepted Accounting Principles and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management and Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intents to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement – whether due to fraud or error – and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

***Moreover:***

- We identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those such risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty about the entity's ability to continue as a going concern, we are required to draw attention in our audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- We communicate to the audit committee regarding, among other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.

In accordance with the Austrian Generally Accepted Accounting Principles, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the group management report in accordance with Generally Accepted Accounting Principles.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports as applied in Austria.

**Opinion to the original group management report**

In our opinion, the group management report is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements.

**Statement**

Based on our knowledge gained in the course of the audit of the consolidated financial statements and our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

Linz, 12 July 2019

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Dr. Helge Löffler
Austrian Chartered Accountant

This report is a translation of the original report in German, which is solely valid. The consolidated financial statements together with our auditor's opinion may only be published if the consolidated financial statements and the group management report are identical with the audited version attached to this report.
Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

**Report on the modified Consolidated Financial Statements**

The consolidated financial statements was modified after the issuance of the auditor's report. The changes related to the consolidated balance sheet items revenue reserves and long-term provisions, the consolidated income statement items employee benefits expenses, and the associated changes in the consolidated notes, in the development of the Group's equity and in the consolidated cash flow statement. Furthermore, the table regarding revenues in the Notes to the Consolidated Financial Statements was adjusted. We refer to the justification of the changes by the legal representatives of the company in the notes.

**Auditor's report on the modified Consolidated Financial Statements**

We have audited the changes to the consolidated financial statements. In our assessment, the changes to the consolidated financial statements are in line with the legal requirements and the modified consolidated financial statements presents as accurately as possible the financial situation of the Group as of 31 March 2019 as well as the profit situation and cash flows of the Group for the financial year ending on this date, in compliance with the requirements of the International Financial Reporting Standards (IFRS) as applicable in the EU and the additional requirements of § 245a UGB (Austrian Commercial Code).

**Report on the modified Group management report**

The Group management report was modified after the issuance of the auditor's report. The changes related to Section II Development of the Group. We refer to the justification of the changes by the legal representatives of the company the notes.

**Supplemental report**

In our assessment, the changes in the Group management report are in line with the applicable legal requirements and conform to the modified consolidated financial statements.

**Supplemental declaration**

In light of the additional insights gained from the supplementary audit of the modified consolidated financial statements and of the improved understanding of the company and its environment, we could determine no significant erroneous statements in the changes to the Group management report.

Linz, 16 September 2019

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Dr. Helge Löffler
Austrian Chartered Accountant

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

This report is a translation of the original report in German, which is solely valid. The consolidated financial statements together with our auditor's opinion may only be published if the consolidated financial statements and the group management report are identical with the audited version attached to this report.
Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

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