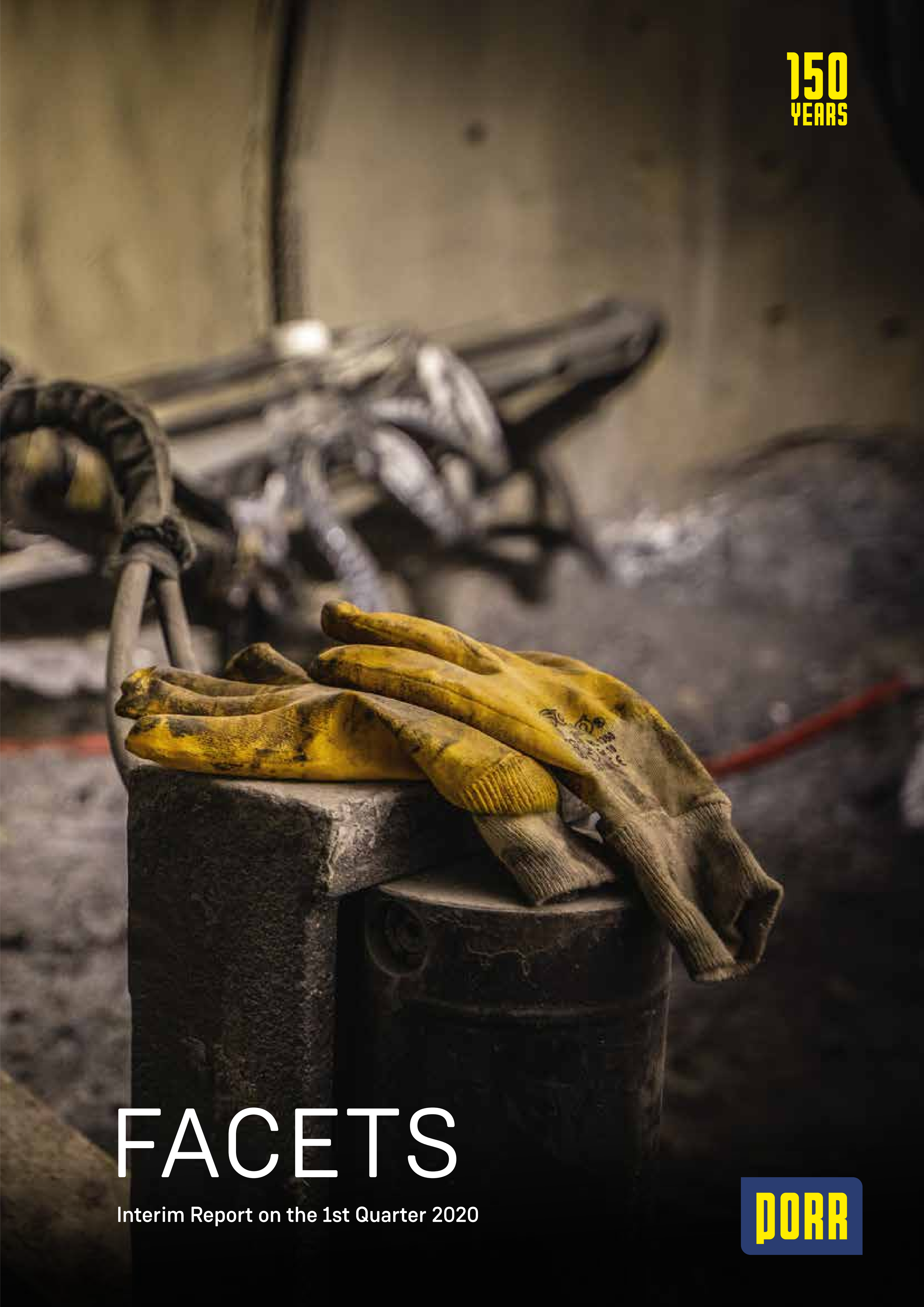


150 YEARS

FACETS

Interim Report on the 1st Quarter 2020

PORR

Key Data

in EUR m	1–3/2020	1–3/2019	Change
Operating data			
Production output	942	1,047	-10.0%
Foreign share	62.0%	62.6%	-0.6PP
Order backlog	7,258	7,422	-2.2%
Order intake	1,135	1,370	-17.2%
Staffing level (average)	18,688	18,473	1.2%

	1–3/2020	1–3/2019	Change
Earnings indicators			
Revenue	912.4	945.4	-3.5%
EBITDA	21.2	31.7	-33.0%
EBIT	-19.9	-6.3	>100.0%
EBT	-25.5	-11.8	>100.0%
Loss for the period	-21.0	-9.1	>100.0%

	3/31/2020	12/31/2019	Change
Financial position indicators			
Total assets	3,529	3,665	-3.7%
Equity (incl. non-controlling interests)	685	599	14.3%
Equity ratio	19.4%	16.4%	3.0PP
Net debt	519	346	50.2%

	1–3/2020	1–3/2019	Change
Cash flow and investments			
Cash flow from operating activities	-238.9	-277.8	-14.0%
Cash flow from investing activities	-27.9	-46.4	-39.8%
Cash flow from financing activities	98.0	253.5	-61.4%
CAPEX[2]	39.6	63.9	-38.0%
Depreciation/amortisation/impairment	41.1	37.9	8.2%

	1–3/2020	1–3/2019	Change
Key data regarding shares			
Number of shares	29,095,000	29,095,000	-
Market capitalisation as of 31 Mar (in EUR m)	438.2	579.6	-24.4%

[1] The production output corresponds to the output of all companies and consortiums (fully consolidated, equity method, proportional or those of minor significance) in line with the interest held by PORR AG.
[2] Investments in property, plant and equipment and intangible assets

The figures have been rounded off using the compensated summation method. Absolute changes are calculated using the rounded values, relative changes (in percent) are derived from the non-rounded values.

Q1 at a glance

High order backlog of EUR 7.3 bn

Solid foundation

Transformation on track

PORR 2025 as a lever

Impacts of COVID-19

Production output and earnings affected

Long-term trend intact

Construction industry benefits

Contents

Dear shareholders,

The year 2020 began for all of us with an exceptional situation never seen before, as a result of the COVID-19 pandemic. Shutdowns, social distancing and restrictions on movement had an impact on our lives in terms of both society and the economy. PORR has also been affected by the measures to curb the spread of COVID-19. Production output declined by 10.0% in the first quarter to EUR 942m. EBT was negative, as is typical for the industry due to seasonal factors and further exacerbated by the effects of the coronavirus, and totalled EUR -25.5m.

We had a good start to 2020 with a consistently high order backlog exceeding seven billion euros. PORR is well-prepared for the COVID-19 situation with a diversified project portfolio and disposable liquidity and also well-positioned for the future. At the same time we see the crisis as an opportunity and as an accelerator of many current topics. The digital transformation of the construction sector is now more crucial than ever. Here we are aided by the PORR 2025 transformation programme that is providing key impetus to make our processes more efficient and optimise our cost structures. We are sticking resolutely to our course, managing the crisis, and will now reap the opportunities arising from this time of change.

Vienna, May 2020

Sincerely,
The Executive Board

Karl-Heinz Strauss
Chairman of the Executive Board and CEO

Thomas Stiegler
Executive Board Member and COO

Josef Pein
Executive Board Member and COO

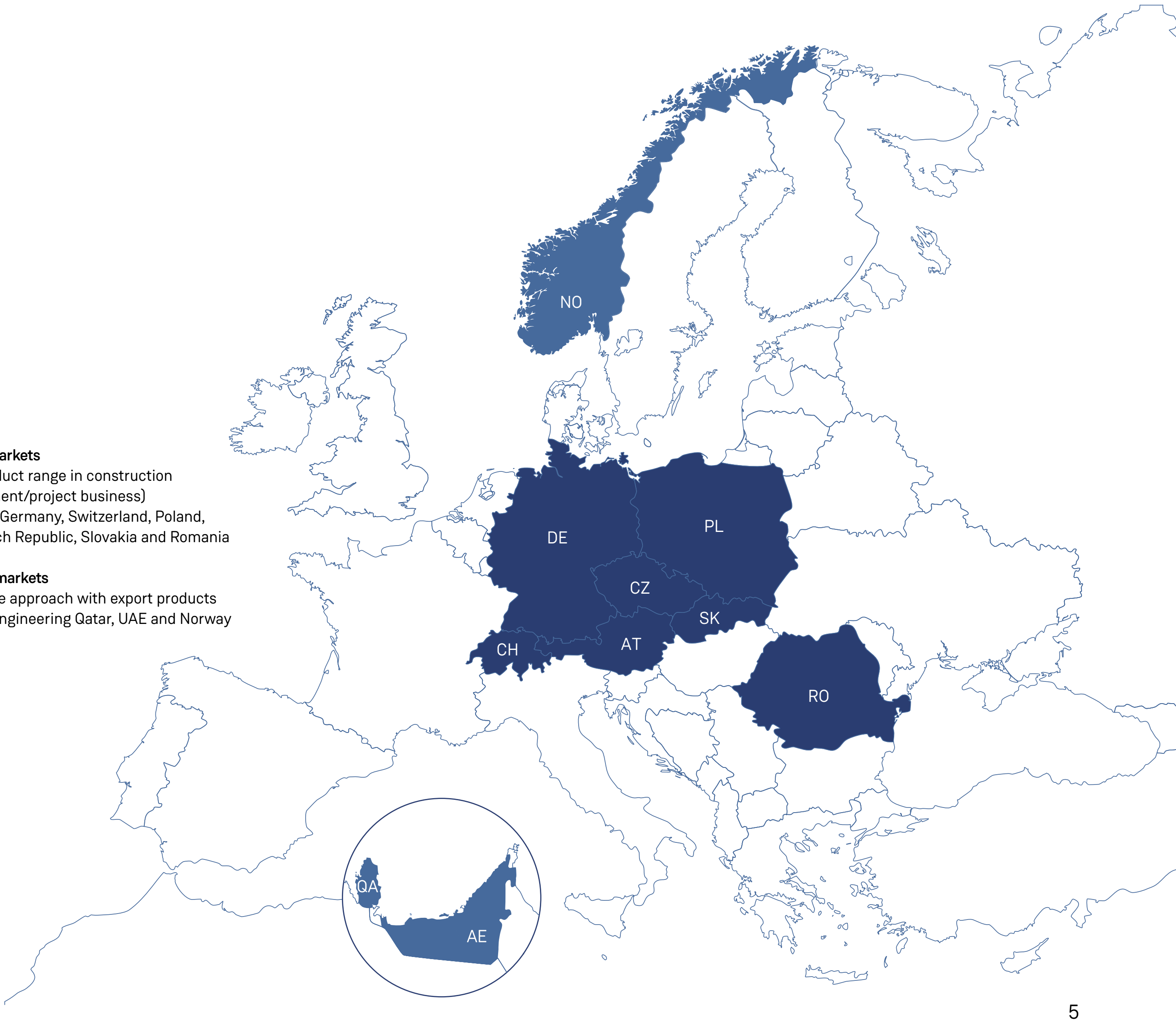
Andreas Sauer
Executive Board Member and CFO

Strategy Update

Markets

Market	Potential	Comments	COVID-19 impacts
Austria	strong	Stable, high capacity utilisation, strong market position	Disruptions for four weeks
Germany	strong	High demand, capacity bottlenecks, realignment in building construction	No shutdown
Switzerland	strong	Stable demand, pressure on margins in civil engineering	No shutdown
Poland	strong	High demand, capacity bottlenecks, pressure on margins	No shutdown
Czech Rep./Slovakia	strong	Stable demand, expansion of permanent business	Some restrictions
Romania	strong	High demand, expansion of permanent business	No shutdown
Qatar/UAE	neutral	Selective, reduced project volumes	Some restrictions
Norway	neutral	Analysis complete, will remain a project market	Temporary shutdown

The table shows the assessment of demand on the PORR markets.



Home markets
Full product range in construction (permanent/project business)
Austria, Germany, Switzerland, Poland, the Czech Republic, Slovakia and Romania

Project markets
Selective approach with export products in civil engineering Qatar, UAE and Norway

PORR 2025

The PORR strategy remains unchanged and focused on the long term. The PORR 2025 transformation programme was initiated in 2019 and aims to substantially strengthen PORR as a Group during the ongoing structural shifts in the construction sector. Numerous analyses were conducted and initiatives determined in four action fields. All of them are in pursuit of one aim: PORR wants to create sustainable value long-term.

	Markets/Segments	Organisation
STRATEGY	**Greater focus** PORR remains convinced of the long-term potential of its seven European home markets. The strong growth of recent years has enabled the company to secure a powerful market position in many regions. The goal is to secure and further expand this position in the future.	**Greater efficiency** Following the growth of recent years and as part of its strategy implementation, PORR initiated a structural realignment in 2019. With uniform standards and processes across the Group, PORR has put in place the framework needed for intelligent and profitable growth.
TARGETS	**Portfolio streamlining with the newly launched Heat Map:** Increase in profitability by between 0.5% and 0.8%	· **Streamlining the organisation;** rollout of the new management model · **Digitalisation of processes** in the technical and commercial sectors
MEASURES	**Heat Map** · The Heat Map involves analysing the business fields to determine the right position of business areas and optimal allocation of capital and resources. **Norway to remain as project market** · Analysis phase concluded · Additional opportunities in traffic-route construction will be pursued selectively · New management responsibilities implemented **Poland challenging but with great deal of potential** · Stabilisation visible at present · New, selectively acquired projects form a basis for ongoing value in the coming years in the order backlog **Portfolio mix** · Optimised mix of infrastructure and permanent business	**Streamlining into three Business Units** · Bundling competencies to enhance efficiency and improve market proximity **New management model** · Improved transparency, reduction in interfaces, stronger networking of knowhow and capacities · Rollout of implementation · The new management model should help to optimise processes in the Shared Service Center (SSC) and in cost structures

	Operational Analysis	Digital Opportunities
STRATEGY	**Enhancing value** The changing market backdrop and PORR's strong growth over the past few years have necessitated a review of cost structures at every level.	**Realising future potential** The need for transformation in the construction sector has led to a massive rise in terms of technology. Digital, connected solutions across the entire construction value chain and new, data-based business models are the main focus here. These open up new dimensions in terms of future potential.
TARGETS	**Enhance the performance of the operating business** · Digitalisation of procurement and efficiency increases: Increase in profitability by between 0.8% and 1.0% **Improve capital employed** · Improve investment intensity (CAPEX approx. 3%; incl. IFRS 16 4%) · Reduce working capital intensity (6% to 8%) · Continous reduction of net debt by 2022 **Maintain financial position** · Improve equity ratio in a range of 20% to 25% · Robust maturity structure, secure borrowings in the medium-term · Safeguard access to different forms of financing and maintain appropriate liquidity · Unchanged payout ratio of 30% to 50%	**Harmonise IT processes across the Group** **Continue to expand position as technology leader**
MEASURES	**Material costs and indirect costs** · Analysis of cost structures · First measures are being implemented **Procurement** · Simplifying processes and promoting the use of purchasing platforms should optimise contracted volumes in the future; these account for a significant share of total costs. **Non-core activities** · Evaluating non-core activities; focus remains on core competencies in construction	**BIM-based solutions with LEAN Design and LEAN Construction** · Trailblazer on the path to a paperless construction site **Machine-to-machine communication in real time** · Processes and workflows in fleet and equipment management are becoming more transparent, while costs and resources are being optimised at the same time. **Group-wide harmonisation of IT processes a priority** · Reinforcement of cybersecurity SAP S/4 HANA as the latest SAP software and thereby as the basis for optimising business processes

PORR on the Stock Exchange

International stock exchanges decline

The start to 2020 on the international stock markets was initially positive and supported by a nascent agreement in the trade conflict between the USA and China. However, the increasing spread of the coronavirus pandemic put heavy pressure on the global trading hubs and led to a significant rise in volatility. This was followed by massive setbacks on the global exchanges as early as March. Comprehensive measures such as aid packages, interest-rate cuts and bond-buying programmes were undertaken by governments and central banks to proactively counter this development. These actions led to a slight price recovery at the end of the first quarter.

The fall in stock prices in the USA occurred with a slight delay as a result of the variation in the speed of the spread of the coronavirus pandemic. Nonetheless, at the end of the first quarter the Dow Jones Industrial Average closed down by 23.2%. A similar performance was seen on the leading eurozone index EURO STOXX 50 and the German DAX with -25.6% and -25.0% respectively. The early implementation of restrictive measures by the government led Austria's leading index, the ATX, to undergo the sharpest decline against year-end of 37.2%.

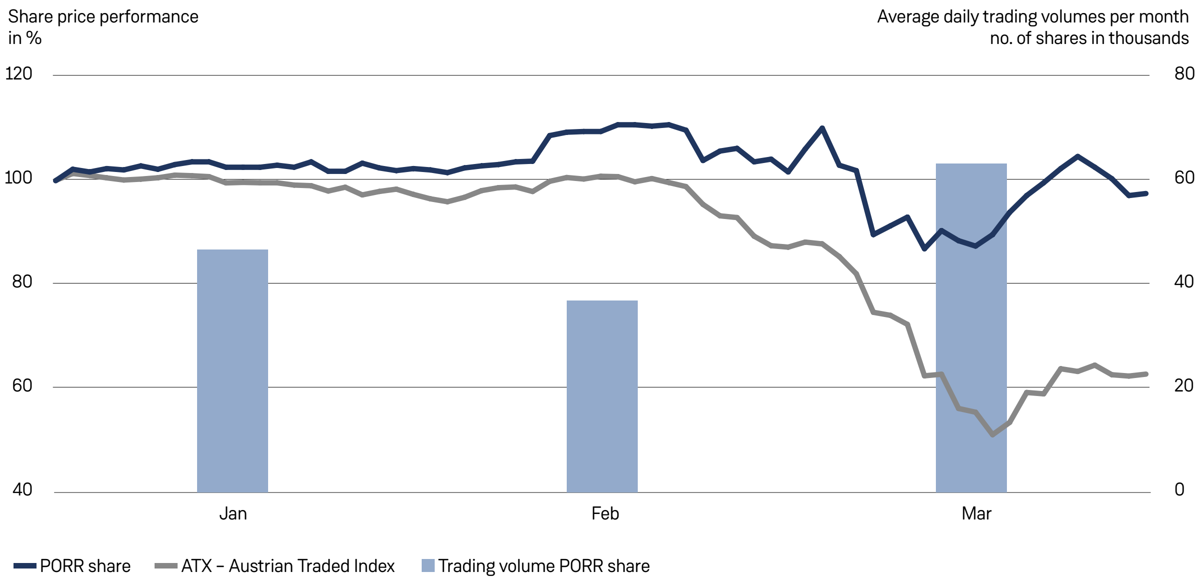
PORR share holds steady

At the beginning of the year, the PORR share resided above the level of the Austrian market. On 17 February it reached its high for the quarter of EUR 17.10. As a consequence of the growing uncertainty related to the coronavirus pandemic, on 12 March the share reached its lowest point in the period under review of EUR 13.42. In contrast to the overall market, however, the PORR share then held steady and ended the quarter at EUR 15.06. This meant that it was closing just 2.5% below year-end 2019. PORR's market capitalisation stood at EUR 438.2m at the end of the reporting period.

Stable shareholder structure

The syndicate (Strauss Group, IGO Industries Group) holds the majority of shares outstanding, totalling 53.7%. The free float of 46.3% is primarily split among Austria (29.0%), Great Britain (13.1%) and the USA (12.4%). In addition, investors from Germany and France held around 18.3% of the free float, while Central and Northern Europe accounted for 5.9%.

Share price and trading volumes of the PORR share in the first quarter of 2020 (index)



Management Report

Economic Environment

Global economy burdened by uncertainty

The global economy had a good start to 2020 with an initial agreement in the trade conflict between the USA and China. However, the spread of the coronavirus (COVID-19) and the subsequent restrictive measures had a negative impact on the economic backdrop worldwide. At the present time, any forecasts related to economic growth thereby remain subject to uncertainty. Experts from the International Monetary Fund (IMF) have forecast a 3.0% decline in global economic output as a result of the temporary restrictions on social and economic life. Depending on the point in time these measures are eased, a significant recovery is nonetheless expected for the year 2021.

To curb the damage caused by the coronavirus pandemic, the US government passed a stimulus package worth 2 trillion US dollars in March. In an effort to provide further support, the Fed (the US central bank) cut the margin of the basic interest rate to between 0.00% and 0.25%. Despite these measures, experts forecast that the US economy will contract by around 6.0% in 2020.

There was a similar picture in Europe. The European Central Bank (ECB) announced – in addition to expanding its bond-buying programme by EUR 870 bn – a stimulus package with financing options for companies, private households and banks. Any concrete forecast for the downturn in the eurozone is barely possible in light of the high levels of uncertainty relating to measures implemented by the respective countries. The IMF and the European Commission have forecast a GDP decrease in excess of 7.0%, while the ifo and the ifw institute are assuming a decline of merely around 1.3%. That said, there is consensus among the experts that a recovery is likely in 2021.

In Germany as well, the Economic Stabilisation Fund and supplementary amendment to this year's fiscal budget were approved, consisting of measures in excess of EUR 700 bn to mitigate the consequences of the coronavirus pandemic. According to the European Commission, the economy is likely to decline by up to 6.5% in 2020.

According to the Austrian Institute of Economic Research (WIFO), the Austrian economy contracted by 2.7% compared to the previous year's quarter. The government has implemented comprehensive stimulus measures including short-time work models, liquidity instruments such as tax vacations, and measures in the field of corporate financing.

Construction industry as key sector

The construction sector was also unable to avoid the more challenging backdrop caused by the coronavirus. In March 2020 in Austria – following gains in production and orders at the start of the year – there was a temporary closure of multiple construction sites. However, an action plan agreed by the social partners for the construction industry facilitated the rapid resumption of construction activity.

In Germany, the ifo institute has forecast that the construction industry will be less badly affected by the crisis as there was no nationwide cessation of construction activity. Nonetheless, the main association of the German construction industry expects revenue to remain flat in 2020 despite the significant turnover increase in the first two months of the year.

As in Germany, there were no complete construction bans on the other PORR home markets in the first quarter. With a few exceptions, all construction sites were able to continue operating subject to enhanced safety and hygiene measures.

Development of Output

The indicator production output covers all classic design and construction services, waste management, raw materials sales and facility management, i.e. all significant services rendered by PORR. For companies fully included in the consolidated group, this output broadly corresponds to the revenue defined and reported in accordance with IFRS. In contrast to revenue, production output also includes the output from consortiums and companies accounted for under the equity method, as well as those of minor significance, in line with the interest held by the Group and differences in definitions reconciled pursuant to commercial criteria.

In the first quarter of 2020, PORR's production output totalled EUR 942m. The decrease of 10.0% or EUR 105m against the high level of the previous year was caused by the temporary closure of the majority of the construction sites in Austria necessitated by the coronavirus in addition to the more selective acquisition policy in Poland and the completion of several large-scale projects. A good performance by PORR Oevermann and Grundbau Stump-Franki was not able to offset the decline in production output in the period under review.

Business Unit 1 – Austria, Switzerland (BU 1) generated production output of EUR 425m, which was 12.5% lower than the comparable period. In addition to the temporary closure of construction sites in Austria from mid-March 2020, the completion of several large-scale building construction projects contributed to the decrease.

Climbing by 6.3% or EUR 13m, Business Unit 2 – Germany (BU 2) generated output of EUR 213m in the first quarter. Particularly positive areas included traffic construction by PORR Oevermann and Grundbau Stump-Franki.

In the first three months, Business Unit 3 – International (BU 3) achieved production output of EUR 276m, a decrease of 17.2%. This was primarily caused by the more selective acquisition policy in Poland and the completion of major projects in Qatar.

Accounting for around 94% of total output, PORR has confirmed its focus on the seven stable European home markets. Austria remains the most important market with a share of 38%, followed by Germany, which accounted for 33% of production output. 10% of the total was generated in Poland and around 6% in Switzerland. The Czech Republic and Slovakia together accounted for around 5%, while more than 2% of output came from Romania.

Order Balance

At the end of the reporting period, the order backlog stood at EUR 7,258m and was thereby just 2.2% below the record level of the previous year. The order intake declined in the first quarter of 2020 by 17.2% to EUR 1,135m and clearly shows the strategic focus on a selective acquisition policy.

The largest new order in the first quarter was the modernisation of the LK351 rail line between Krzyz and Dobiegniew in the north west of Poland. In civil engineering, PORR won a tender to overhaul the Furka Tunnel in Switzerland and to build the IC3 interchange in Ras Bufontas in Doha. In building construction PORR also acquired a major new project in Switzerland in the form of the new construction of the Gangloff area. In addition, numerous contracts in residential, commercial and office construction were acquired, in Austria and Poland in particular.

Financial Performance

The construction industry is subject to seasonal fluctuations typical for the sector. The first quarter is traditionally the weakest of the year and generally reports negative earnings. The reason for this is the weaker construction output in the winter months that also affects earnings.

In the first quarter of 2020, PORR generated revenue of EUR 912.4m and thereby reported a decrease of 3.5% against the comparable period of the previous year. Earnings from companies accounted for under the equity method declined significantly and totalled EUR -1.2m. The reason for this was that the earnings from joint ventures acquired, as well as the earnings from equity interests accounted for under the equity method were significantly lower than the previous year. Savings made in expenses for materials and other related production services were higher than the change in revenue (-7.3% against the previous year). Staff costs underwent a disproportionately small decrease of 1.8%. In contrast, other operating expenses climbed by 8.7%; on the one hand because of the fixed cost structures in place, on the other because of an increase in exchange losses caused by higher expenses from the fair value determinations for currency hedges for construction projects.

The shortfall in profit contributions caused by the decrease in output led to a 33.0% fall in EBITDA in the period under review, totalling EUR 21.2m. The increase in depreciation, amortisation and impairment expense caused a sharper fall in EBIT, which totalled EUR -19.9m. The financial result broadly held steady at EUR -5.7m (1-3/2019: EUR -5.6m). Overall, this led to EBT of EUR -25.5m (1-3/2019: EUR -11.8m).

Under consideration of the improved income tax result of EUR 4.5m compared to EUR 2.7m in 2019, there was a loss for the period of EUR -21.0m for the first quarter of 2020, which was EUR 11.9m below the previous year (EUR -9.1m).

Financial Position and Cash Flows

As of 31 March 2020, the PORR Group's total assets stood at EUR 3,529.3m and thereby declined by 3.7% against the comparable date 31 December 2019.

The seasonal increase in trade receivables contrasted with a reduction in cash and cash equivalents that is also part of the usual course of business, leading to an overall decline in current assets of EUR 127.7m to EUR 2,144.8m. Non-current assets were practically unchanged against year-end.

In the first quarter of 2020, equity increased by a total of EUR 85.6m to EUR 684.6m due to the new issue of a hybrid bond at the end of January 2020 (EUR 121.5m net). As of 31 March 2020, the equity ratio stood at 19.4% and thereby rose by 3.0 PP.

Non-current liabilities underwent only a slight decrease (-1.1%). At the same time, there was a significant reduction of 10.2% in current liabilities, which was mainly caused by settling trade payables. Overall, debt declined by EUR 221.2m to EUR 2,844.7m.

Seasonal factors led to an increase in net debt as of 31 March 2020, rising by EUR 173.4m to EUR 519.1m against year-end (31 December 2019: EUR 345.7m).

The EUR 7.7m reduction in operating cash flow totalling EUR 18.0m mainly resulted from the lower earnings for the period in the first quarter of 2020.

Cash flow from operating activities of EUR -238.8m was EUR 39.0m better than in the comparable period of 2019. As usual, surplus liquidity was used in the first quarter of the business year to settle trade liabilities, although it was actually possible to reduce the overall outflow of funds thanks to improved working capital management.

Cash flow from investing activities improved by EUR 18.5m to EUR -27.9m, especially due to the reduction in expenditure for property, plant and equipment and investment property in the first quarter of 2020.

Cash flow from financing activities reflected the inflow from increasing hybrid capital (EUR 121.5m) and rolling over credit financing as well as the outflow from paying interest on the hybrid capital.

As of 31 March 2020, cash and cash equivalents totalled EUR 406.0m. (31 March 2019: EUR 249.0m)

Investments

In the first quarter of 2020 investments were made in drilling equipment in addition to the usual high investments to replace machinery and construction site equipment and to buy new equipment. As a precautionary measure in response to the coronavirus pandemic, a stop to investments and expenditure has been introduced until it is possible to evaluate market developments more accurately.

Investment activity is measured by applying the CAPEX indicator (capital expenditure). This includes investments in intangible assets, property, plant and equipment, and assets under construction including investments financed by leases. CAPEX decreased significantly against the comparable period of the previous year by EUR 24.2m to EUR 39.6m. This results in a CAPEX ratio of 4.2% in relation to production output (1–3/2019: 6.1%).

The investment needs of the entire Group are continuously assessed in terms of economic viability.

Opportunity and Risk Management

Effective risk management has long been one of PORR's most important principles when carrying out any economic activity and safeguards its competitive ability. If risks have an impact on one of PORR's business fields or markets, this can have a negative effect on the company's earnings. That's why the aim of risk management is to identify risks and then minimise them while still maintaining the company's earnings potential.

As early as February PORR undertook measures to address the coronavirus pandemic and adjusted its Business Continuity Plan accordingly. This early reaction meant that the company could respond quickly and effectively to the restrictions imposed by the government in March. Measures to ensure the safety of staff and partners are the top priority.

A topical issue at the moment is the A1 Leverkusen Bridge, which was terminated by the client unfoundedly as announced in mid-April. PORR has exercised its contractual right and applied for an arbitration appraisal. The expert opinion on the steel parts was commissioned prior to the termination and is currently underway.

Since the 2019 Annual Report there have been no significant changes to the Group's opportunity and risk profile that lead to a change in the assessment of the risk position for PORR. The description in the Risk Report of the 2019 Annual Report from page 108 onwards thereby remains valid.

Staff

In the first quarter of 2020, PORR employed 18,688 people on average, an increase of 1.2% against the comparable quarter of the previous year. This slight rise was mainly caused by the first-time consolidation of several companies in the second half of 2019.

Forecast Report

Since the start of 2020 and since mid-March in particular, the macroeconomic environment has changed significantly both worldwide and in Europe due to the spread of the coronavirus pandemic (COVID-19). In their April forecast, experts from the International Monetary Fund (IMF) predict global negative economic growth of -3.0%, falling as far as -7.5% for the eurozone. On condition that the pandemic can be broadly brought under control in the second half of the year, the IMF expects a significant recovery in 2021.

The temporary shutdown caused by COVID-19 had varying impacts on ongoing construction operations on PORR's home markets. In Austria – following the temporary closure of more than 1,000 construction sites for almost two weeks – PORR managed to gradually restart operations at the beginning of April. On all of the other markets there were only occasional disruptions. New temporary legislation has been introduced in the form of the COVID-19 legislative package in Austria to address the consequences of the pandemic on the construction process, the related penalties and any default interest. However, limitations such as the company's own staff falling ill or measures to protect against coronavirus at construction sites (distancing, staff transport, smaller construction crews, additional healthcare provision etc.) may lead to ongoing delays. There is also uncertainty among municipalities and state authorities regarding budgetary impacts which may lead to delayed investments. Postponements are also to be expected among private clients, especially in the hardest hit asset class of hotels. In addition, the coronavirus crisis is set to trigger a rethink in the way office space is used – trends such as working from home and digital ways of working are gathering pace. In contrast, the sustainable stability of residential property is set to gain even more importance.

For the medium and long term, the fundamentals of the construction industry are in place. Incentives for corporate investments and higher consumer spending should also provide stimulus. Furthermore, existing and new economic programmes to promote infrastructure construction in Europe at federal, provincial and municipal level are set to be expedited. The massive backlog of investments and the urgent need for modernisation in many countries demands investment in traffic-route and digital infrastructure, healthcare, education, research, and climate protection. In addition, megatrends such as urbanisation, environmental-social factors, clients looking for holistic (all-in-one) construction solutions, and digitalisation are set to play a decisive role.

As a leading player in the construction industry, PORR has a strong market position in **Austria** with high capacity utilisation and a valuable order backlog. This is strengthened by comprehensive in-house value creation. In **Germany**, PORR's second largest market, the construction sector is traditionally an economic driver – despite lower macroeconomic forecasts. The 2030 Federal Transport Infrastructure Plan and Autobahn GmbH, newly founded as an infrastructure operator, are set to provide further stimulus in the coming years through investments in traffic infrastructure. **Switzerland** offers a well-filled project pipeline in the medium term. Here PORR is striving to consolidate its growth at a high level. The sector also promises further potential in **Central and Eastern Europe**. Here the EU Cohesion Fund continues to play a key part in subsidising traffic infrastructure.

The findings of the strategic analysis in **Norway** are that the project pipeline continues to offer good opportunities long-term for PORR. With a new management team in place, the focus remains on projects with strong local partners. The focal point on traffic-route construction, primarily in tunnelling, railway and bridge construction, will be retained. In **Qatar** and the **UAE**, PORR continues to pursue a risk-mitigation strategy with lower project volumes.

The spread of the COVID-19 pandemic has led to temporary restrictions on our personal, public and economic lives. PORR is implementing numerous measures such as short-term work, taking vacation days, targeted stops to expenditure and investments, and the voluntary waiver of some management pay, in order to overcome the crisis and maintain adequate disposable liquidity. At present there is acute uncertainty regarding the actual extent of the coronavirus crisis and the economic implications of the shutdown in many countries. The impacts that this historically unique situation will have on the growth of the national economies affected and thereby on construction activity cannot yet be foreseen. Therefore a serious revaluation and adjustment to the 2020 targets is not possible at the present time.

Segment Report

Business Unit 1 – Austria, Switzerland

Key data

in EUR m	1-3/2020	1-3/2019	Change
Production output	425	486	-12.5%
Order backlog	2,369	2,373	-0.2%
Order intake	631	738	-14.4%
Staffing level (average)	8,739	8,433	3.6%

The segment Business Unit 1 – Austria, Switzerland (BU 1) covers PORR's permanent business on the two home markets of Austria and Switzerland (building construction and civil engineering) as well as PORR Industriebau. Here PORR is represented with its full range of services, whereby the primary focal points are residential and office construction, structural engineering, road construction and specialist civil engineering. The fields of environmental engineering and railway construction with Slab Track Austria for the European region were added in 2019. Additions to the existing equity interests integrated into BU 1 – such as IAT, BOMA and ÖBA – include Prajo, TKDZ, Thorn, PWW and ALU-SOMMER. Furthermore, this segment includes German industrial construction, large-scale building construction projects on all international markets and the raw materials business.

In the first quarter of 2020, BU 1 generated production output of EUR 425m. The decrease of 12.5% was caused by the temporary closure of several construction sites necessitated by the coronavirus from mid-March in addition to the completion of several large-scale projects in building construction. While the order backlog held steady against the previous year with just a slight decline of 0.2% to EUR 2,369m, the order intake contracted by 14.4% to EUR 631m. The largest new order for BU 1 came in from Switzerland in the period under review. In building construction, it won - amongst others - the tender for the new construction of the Gangloff area; in civil engineering, Lot 15 of the Furka Tunnel was acquired in a consortium.

The global coronavirus pandemic is having an impact on most of the economic sectors in the BU 1 markets and thereby also on the construction industry. The temporary closure of more than 1,000 construction sites in the first quarter already partly affected production output. The subsequent action plan agreed by the social partners for the construction industry facilitated a resumption of construction activity. Nevertheless, additional economic impacts are expected in the second quarter. The course that the pandemic will take or what its economic consequences will be cannot be predicted at present.

Business Unit 2 – Germany

Key data

in EUR m	1-3/2020	1-3/2019	Change
Production output	213	200	6.3%
Order backlog	1,400	1,576	-11.2%
Order intake	154	177	-12.9%
Staffing level (average)	2,465	2,447	0.7%

The majority of PORR's activities in Germany are bundled in the segment Business Unit 2 – Germany (BU 2). On its second largest market, the company offers foundation and structural engineering in addition to building construction and civil engineering. The acquisitions of recent years have given PORR a strong presence on the infrastructure market with its own qualified, specialist staff. By bundling resources and know-how along regional lines, building construction activities are optimally organised: South (via Munich), East (via Berlin), West (coverage by PORR Oevermann) and North (via Hamburg). Specialised civil engineering has also been significantly strengthened through the merger of Stump Spezialtiefbau and Franki Grundbau in 2019.

BU 2 generated production output of EUR 213m and thereby built on the high level of the previous year once again in the first quarter. The increase of 6.3% is primarily due to the positive performance by PORR Oevermann and Grundbau Stump-Franki. The order backlog decreased by 11.2% and stood at EUR 1,400m at the end of the reporting period. The order intake experienced a sharper fall of 12.9%, reflecting the strategy of a more selective acquisition policy.

Equipped with full order books, BU 2 started the year 2020 on a solid foundation. It was possible to maintain ongoing construction operations – while adhering to health and safety measures. There were only isolated examples of negative impacts from the coronavirus pandemic or the related restrictions on personnel travel leading to delays in construction or in the supply chain. The consistent focus on consolidation and the selective acquisition of new contracts is continuing.

In its latest forecast from the end of April, the main association of the German construction industry predicts stagnant revenue in 2020, matching the level of the previous year. Experts are calling for a new stimulus package with targeted measures for public-sector construction and residential construction. The high investment needs in railway and road infrastructure continue to be shown in the 2030 Federal Transport Infrastructure Plan. That said, a reliable forecast for BU 2 for the 2020 business year is not possible at the present time.

Business Unit 3 – International

Key data

in EUR m	1-3/2020	1-3/2019	Change
Production output	276	333	-17.2%
Order backlog	3,280	3,333	-1.6%
Order intake	313	386	-19.0%
Staffing level (average)	5,526	5,851	-5.6%

The segment Business Unit 3 – International (BU 3) focuses on the home markets of Poland, the Czech Republic, Slovakia and Romania, and on the project markets of Norway, Qatar and the United Arab Emirates (UAE). PORR offers construction services in building construction and civil engineering on all of its home markets, complemented by foundation engineering in Poland. The competencies for international tunnelling, railway and bridge construction are also bundled in BU 3, as are the areas Major Projects and international use of the Slab Track Austria system.

The production output of BU 3 totalled EUR 276m and was thereby EUR 57m or 17.2% below the previous year. The decrease was caused by the selective acquisition policy in Poland and the completion of major projects in Qatar. The order backlog of EUR 3,280m remained at a high level, slipping back by just 1.6%. The order intake fell by 19.0% to EUR 313m. The largest new order in the first quarter of 2020 was the modernisation of the LK 351 railway line between Krzyz and Dobgieniew. The section in the north west of Poland forms part of the Trans-European Transport Network (TEN-T).

In the first quarter of 2020, the majority of BU 3's construction operations continued despite the coronavirus crisis. In contrast to other industry sectors, the productivity decline in Poland was not significant and construction site operations and tender processes progressed without interruption. In the Czech Republic and Slovakia only sporadic restrictions were experienced while in Romania construction volumes increased in the first quarter of 2020. The open financing sources from the EU Cohesion Fund continued to benefit the region in 2020.

As announced, the analysis in Norway was completed in the first quarter. Here opportunities in traffic construction should continue to be exploited under a selective, risk-aware approach. A new management team has been put in place here. There was a temporary shutdown of construction sites in Norway because of the COVID-19 pandemic.

In Qatar and the UAE, PORR continues to be active on a very selective basis and with reduced project volumes.

Interim Consolidated Financial Statements as of 31 March 2020

These interim consolidated financial statements of the PORR Group have been prepared under application of the accounting and measurement methods used in the consolidated statements as of 31 December 2019 and the standards applicable for the first time since 1 January 2020. They consist respectively of a condensed statement of financial position, an income statement, a statement of comprehensive income, a cash flow statement and a condensed statement of changes in Group equity.

Consolidated Income Statement

in TEUR	1–3/2020	1–3/2019
Revenue	912,366	945,448
Own work capitalised in non-current assets	213	1,377
Income from companies accounted for under the equity method	-1,246	12,737
Other operating income	46,914	51,367
Cost of materials and other related production services	-577,821	-623,114
Staff expenses	-260,760	-265,562
Other operating expenses	-98,471	-90,599
EBITDA	**21,195**	**31,654**
Depreciation, amortisation and impairment expense	-41,057	-37,946
EBIT	**-19,862**	**-6,292**
Income from financial investments and other current financial assets	1,167	2,742
Finance costs	-6,836	-8,292
EBT	**-25,531**	**-11,842**
Income tax expense	4,508	2,712
Loss for the period	**-21,023**	**-9,130**
of which attributable to shareholders of parent	-27,766	-12,459
of which attributable to holders of profit-participation rights/hybrid capital	4,756	2,777
of which attributable to non-controlling interests	1,987	552
Basic (diluted) earnings per share, total (in EUR)	-0.96	-0.43

Statement of Comprehensive Income

in TEUR	1–3/2020	1–3/2019
Loss for the period	**-21,023**	**-9,130**
Other comprehensive income		
Remeasurement from defined benefit obligations	247	-
Measurement of equity instruments	-1,213	173
Income tax expense (income) on other comprehensive income	254	-43
Other comprehensive income which cannot be reclassified to profit or loss (non-recyclable)	**-712**	**130**
Exchange differences	-8,843	90
Gains/losses from cash flow hedges		
in the year under review	83	-153
Income tax expense (income) on other comprehensive income	-21	38
Other comprehensive income which can subsequently be reclassified to profit or loss (recyclable)	**-8,781**	**-25**
Other comprehensive income	**-9,493**	**105**
Total loss for the period	**-30,516**	**-9,025**
of which attributable to non-controlling interests	1,814	550
Share attributable to shareholders of the parent and holders of profit-participation rights/hybrid capital	**-32,330**	**-9,575**
of which attributable to holders of profit-participation rights/hybrid capital	4,756	2,777
Share attributable to shareholders of the parent	**-37,086**	**-12,352**

Consolidated Cash Flow Statement

in TEUR	1–3/2020	1–3/2019
Loss for the period	-21,023	-9,130
Depreciation, impairment and reversals of impairment on fixed assets and financial assets	41,690	37,760
Interest income/expense	5,030	5,901
Income from companies accounted for under the equity method	3,896	-3,944
Dividends from companies accounted for under the equity method	-	55
Profits from the disposal of fixed assets	-2,663	-3,399
Decrease/increase in long-term provisions	-1,730	2,020
Deferred income tax	-7,169	-3,576
Operating cash flow	**18,031**	**25,687**
Decrease/increase in short-term provisions	-3,722	7,601
Increase in tax liabilities	2,226	377
Increase in inventories	-6,491	-6,129
Increase in receivables	-35,148	-154,417
Decrease in payables (excluding banks)	-211,836	-147,854
Interest received	667	1,472
Interest paid	-7,770	-4,613
Other non-cash transactions	5,187	40
Cash flow from operating activities	**-238,856**	**-277,836**
Proceeds from the disposal of intangible assets	8	8
Proceeds from sale of property, plant and equipment and disposal of investment property	3,241	5,967
Proceeds from repayment of loans	974	2,031
Investments in intangible assets	-2,223	-184
Investments in property, plant and equipment and investment property	-28,194	-49,592
Investment in financial assets	-	-42
Investment in loans	-254	-1,280
Payouts for the purchase of subsidiaries less cash and cash equivalents	-1,482	-3,302
Cash flow from investing activities	**-27,930**	**-46,394**
Dividends	-7,839	-6,875
Payouts to non-controlling interests	-	-255
Proceeds from profit-participation rights/hybrid capital	121,539	-
Proceeds from Schuldscheindarlehen	-	203,000
Repayment of Schuldscheindarlehen	-	-20,000
Obtaining loans and other financing	19,309	193,641
Redeeming loans and other financing	-35,039	-115,977
Cash flow from financing activities	**97,970**	**253,534**
Cash flow from operating activities	**-238,856**	**-277,836**
Cash flow from investing activities	**-27,930**	**-46,394**
Cash flow from financing activities	**97,970**	**253,534**
Change to cash and cash equivalents	**-168,816**	**-70,696**
Cash and cash equivalents as of 1 Jan	581,890	319,674
Currency differences	-7,084	-24
Cash and cash equivalents as of 31 Mar	**405,990**	**248,954**
Tax paid	435	487

Consolidated Statement of Financial Position

in TEUR	31.3.2020	31.12.2019
Assets		
Non-current assets		
Intangible assets	148,674	148,522
Property, plant and equipment	930,134	940,899
Investment property	61,850	54,091
Shareholdings in companies accounted for under the equity method	81,059	86,081
Loans	82,644	83,334
Other financial assets	34,996	37,003
Other non-current financial assets	24,178	26,952
Deferred tax assets	20,990	15,520
	1,384,525	**1,392,402**
Current assets		
Inventories	82,950	76,030
Trade receivables	1,504,791	1,480,911
Other financial assets	99,361	86,183
Other receivables and current assets	51,724	47,513
Cash and cash equivalents	405,990	581,890
	2,144,816	**2,272,527**
Total assets	**3,529,341**	**3,664,929**

Equity and liabilities		
Equity		
Share capital	29,095	29,095
Capital reserve	251,287	251,287
Profit-participation rights/hybrid capital	316,788	195,250
Other reserves	73,735	111,449
Equity attributable to shareholders of parent	**670,905**	**587,081**
Non-controlling interests	13,701	11,957
	684,606	**599,038**
Non-current liabilities		
Bonds and Schuldscheindarlehen	346,430	346,384
Provisions	167,682	169,029
Non-current financial liabilities	436,054	441,295
Other non-current financial liabilities	2,653	3,924
Deferred tax liabilities	42,803	46,061
	995,622	**1,006,693**
Current liabilities		
Bonds and Schuldscheindarlehen	28,989	28,981
Provisions	166,590	170,312
Current financial liabilities	113,604	110,919
Trade payables	995,330	1,138,825
Other current financial liabilities	23,041	60,314
Other current liabilities	490,395	520,509
Tax payables	31,164	29,338
	1,849,113	**2,059,198**
Total equity and liabilities	**3,529,341**	**3,664,929**

Statement of Changes in Group Equity

in TEUR	Share capital	Capital reserve	Revaluation reserve	Remeasurement from defined benefit obligations	Measurement of equity instruments	Foreign currency translation reserves
Balance as of 31 Dec 2018	**29,095**	**251,287**	**6,736**	**-30,837**	**-29**	**4,309**
Restatement from the first-time application of IFRS 9	-	-	-	-	-	-
Balance as of 1 Jan 2019	**29,095**	**251,287**	**6,736**	**-30,837**	**-29**	**4,309**
Total profit/loss for the year	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	130	87
Total loss for the period	**-**	**-**	**-**	**-**	**130**	**87**
Dividend payout	-	-	-	-	-	-
Income tax on interest of holders of profit-participation rights/hybrid capital	-	-	-	-	-	-
Changes to the consolidated group/ acquisition of non-controlling interests	-	-	-	-	-	-
Balance as of 31 Mar 2019	**29,095**	**251,287**	**6,736**	**-30,837**	**101**	**4,396**
Balance as of 31 Dec 2019	**29,095**	**251,287**	**7,341**	**-46,125**	**508**	**7,131**
Total profit/loss for the year	-	-	-	-	-	-
Other comprehensive income	-	-	-	198	-910	-8,661
Total loss for the period	**-**	**-**	**-**	**198**	**-910**	**-8,661**
Dividend payout	-	-	-	-	-	-
Profit-participation rights	-	-	-	-	-	-
Income tax on interest of holders of profit-participation rights/hybrid capital	-	-	-	-	-	-
Changes to the consolidated group/ acquisition of non-controlling interests	-	-	-	-	-	-
Balance as of 31 Mar 2020	**29,095**	**251,287**	**7,341**	**-45,927**	**-402**	**-1,530**

Reserve for cash flow hedges	**Profit-participation rights/ hybrid capital**	**Retained earnings and non-retained profit**	**Equity attributable to shareholders of parent**	**Profit-participation rights**	**Non-controlling interests**	**Total**
-1,039	**155,290**	**156,834**	**571,646**	**42,624**	**3,964**	**618,234**
-	-	-2,860	-2,860	-	-10	-2,870
-1,039	**155,290**	**153,974**	**568,786**	**42,624**	**3,954**	**615,364**
-	2,111	-12,459	-10,348	666	552	-9,130
-115	-	5	107	-	-2	105
-115	**2,111**	**-12,454**	**-10,241**	**666**	**550**	**-9,025**
-	-6,875	-	-6,875	-	-255	-7,130
-	-	1,885	1,885	-	-	1,885
-	-		-	-	1,000	1,000
-1,154	**150,526**	**143,405**	**553,555**	**43,290**	**5,249**	**602,094**
-1,117	**197,914**	**141,047**	**587,081**	**-**	**11,957**	**599,038**
-	4,756	-27,766	-23,010	-	1,987	-21,023
62	-	-9	-9,320	-	-173	-9,493
62	**4,756**	**-27,775**	**-32,330**	**-**	**1,814**	**-30,516**
-	-7,839	-	-7,839	-	-	-7,839
-	121,957	-	121,957	-	-	121,957
-	-	1,966	1,966	-	-	1,966
-	-	70	70	-	-70	-
-1,055	**316,788**	**115,308**	**670,905**	**-**	**13,701**	**684,606**

Financial Calendar 2020

28.5.2020	**140th Annual General Meeting**
26.8.2020	**Publication** Half-year report 2020
28.10.2020	**Interest payment** PORR Corporate Bond 2014/2 (hybrid bond)
26.11.2020	**Publication** report on the 3rd quarter 2020

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The quarterly report is available free of charge from the company, 1100 Wien, Absberggasse 47, and can also be downloaded from **https://porr-group.com/en/investor-relations/reporting/konzernberichte/**.

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