

QUARTERLY REPORT Q1/10

INFRASTRUCTURE –
CREATING NEW CONNECTIONS



QUARTERLY REPORT 1/2010

Dear shareholders and
respected business associates,

The first quarter of 2010 saw a solid performance from the PORR Group, given the problematic economic backdrop. A weakened construction industry and the long-lasting winter affected the first three months of 2010. This is why the PORR Group's production output in the reporting period amounted to EUR 428.7m (-15.7% against the same period 2009). The order books do however remain full, with the order backlog at March 31st 2010 up by 5.5% against the high levels of the same period last year to EUR 2.8101bn.

The negative impact of the global economic crisis, whose effects unfolded on the construction industry around the end of 2009, is currently forecast to last well into 2012. The extent to which the stimulus packages introduced by the government will be able to cushion the effects of the crisis on the construction industry is as yet unclear. In any case, the trough is expected to pass in the course of this current year.

With the exception of Poland, eastern Europe represents a difficult market environment with high regional variation. While a decrease in the construction market is expected in the short term, international experts have forecast a return to growth in the medium term. The energy and environmental engineering sectors in particular hold great potential. Furthermore, the efforts of policymakers to relieve pressure on public finances mean that budget-neutral PPP projects are set to become even more attractive as an alternative means of financing.

The expected falls in demand in CEE/SEE led the PORR Group to form a strategic partnership with Turkish partner RENAISSANCE in order to open up opportunities in the MENA (Middle East and North Africa) region. Here, projects in the infrastructure sector hold particular interest for PORR. The first complex projects in traffic construction should

begin in 2010 in the medium-volume segment, while promising growth rates are expected in the MENA region in the medium term. This should turn these new markets into an additional important pillar of the PORR Group and contribute both to company growth and to further geographic risk diversification.

Production output

The delayed economic cycle in the construction industry has meant that, as previously forecast, the full impact of the financial crisis is being felt in 2010. A reversal of this economic trend is not expected before 2012. This reason combined with unfavourable weather conditions at the start of the year led the PORR Group's production output in the first quarter to fall by 15.7% against the same period 2009, although it was stable when compared to the average year of 2007. Production output of EUR 428.7m was generated, with foreign output accounting for 39.0% of the total.

Other output in the individual PORR markets was subject to extreme variation. Production output in Romania and Serbia rose sharply thanks to large-scale orders, while there were decreases in Poland, Hungary and the Czech Republic.

The picture on the domestic market is positive. Within Austria PORR managed to keep production output relatively stable and the total domestic output of EUR 261.7m represents a decrease of 7.4% against the first quarter 2009. There were particularly pleasing developments in Greater Vienna where the group managed to achieve growth of 25.3%.

Looking beyond Austria, it is Germany, Hungary and Poland that continue to play a dominant role in terms of construction volumes. In relation to western Europe, Romania and Serbia in particular are experiencing higher growth rates despite the crisis, with this dynamic growth closing the gap to the traditional PORR markets. Serbia continues to

be an interesting market, with major infrastructure projects such as the Sava Bridge and waste management sites in Jagodina and Leskovac. Cooperation with international financial institutions such as the IMF and the World Bank means that it is possible to secure financing in markets such as these.

In the first quarter of 2010, it was the civil engineering segment/Porr Technobau und Umwelt AG (PTU) that accounted for the highest share of total output. With over 60% of output, the infrastructure-driven civil engineering segment continues to be a significant generator for the PORR Group. Projects such as the Ashta power plant in Albania show that large-scale projects can be realised even in the face of economic turbulence. The rail construction sector also had a positive effect on output volumes in the civil engineering segment. Despite this, PTU experienced a reduction in output of 13.1%, in line with macroeconomic trends.

The road construction segment/TEERAG-ASDAG AG (T-A) performed well in the first quarter despite negative developments in the industry in general. Production output held steady with just a slight reduction of 1.9%. The main reason for this was the strong position in Greater Vienna.

The freeze on private building construction caused by the crisis put pressure on production output in the building construction segment/Porr Projekt und Hochbau AG (PPH). CEE/SEE markets proved to be particularly difficult in the first quarter of 2010. This was in direct contrast to the situation in Austria: the domestic market managed to increase by 8.5%, mainly due to public-sector residential construction in Vienna. This is a testament to the PORR Group's expertise in the field of council housing construction.

Current order situation

Developments in the order backlog continued to be solid in the first quarter of 2010. There was once again an increase in the order backlog, up by 5.5% against the first quarter 2009 to EUR 2.8101bn (+EUR 145.8m). As expected, the crisis led to falls in order bookings of 9.1%.

PORR's strong position on the domestic market was once again clearly visible. Here, the order backlog rose by 7.6%, showing higher growth than foreign markets and amounted to EUR 1.4818bn.

This meant that the ratio of domestic to foreign orders is around 53% to 47%. At the reporting date, the foreign order backlog had risen slightly by 3.2%. Especially high growth due to individual large-scale projects was achieved in Poland, Albania and Slovakia, while most other markets decreased moderately. In Poland the large-scale infrastructure projects such as the S2 motorway had a particularly positive effect and the major new »Ashta power plant« project is under construction in Albania.

The impact of the crisis was reflected in order bookings: there were significant decreases in foreign markets (-20.8%), while the domestic market remained comparatively stable (-4.1%); there were even sharp increases in certain Austrian provinces.

On the assumption that the public sector implements the infrastructure-focused stimulus packages in a timely and consistent manner, it is probable that the PORR Group will be able to benefit extensively from the stimulus packages on the domestic market in 2010. Furthermore, the first positive effects from the strategic expansion and the related cultivation of MENA markets are expected in the coming years. This approach should not only compensate for possible decreases in eastern Europe, but also form a third pillar in the medium term for the ongoing growth of the PORR Group.

The civil engineering segment sustained a slight decrease in the order backlog of 4.1% in the first quarter 2010, with the problematic backdrop in CEE/SEE largely responsible. In contrast, there was a 17.0% rise in order bookings against the same period in 2009.

There was variation in developments in the order backlog of the road construction segment at home and abroad. While the overall order backlog rose mainly because of foreign business, order bookings were down in line with expectations due to the economic situation on CEE/SEE markets.

The building construction segment/PPH managed to increase the order backlog slightly by 0.4%, despite the adverse conditions caused by the crisis. The main reason for this rise was the council housing stimulus measures in Greater Vienna.

Staff

The PORR Group employed an average 10,372 staff in the first quarter of 2010. This represents a fall of 161 people against the staffing levels of the first quarter of 2009. Seasonal factors and weather conditions generally lead to lower numbers of skilled workers employed during this period.

PORR has long been committed to effective HR marketing and strategic HR development in order to guarantee that staff are highly qualified and motivated well into the future. In this way, PORR has successfully established itself as an attractive employer in recent years which in turn has also secured the long-term retention of existing staff.

Financial performance

The construction industry typically experiences lower output levels in the first months of every year which also leads to lower earnings. The reason lies in a fact specific to the construction industry whereby the fixed costs for staff and machinery in the first quarter negatively affect financial performance, while increases in production output later in the year then lead to significant rises in earnings.

Given the backdrop of the negative effects of the global economic crisis on the construction industry, the PORR Group's financial performance at yearend will be in line with the conservative budget projections.

Outlook

The global economy underwent a serious recession in 2009, although it seems that the trough has passed. The economy is expected to remain sluggish in the coming years. Economic experts are currently unable to forecast when a recovery will occur and how complete that recovery will be.

The cyclical nature of the construction industry means that most major construction groups currently have a more or less solid cushion of orders for 2010, coupled with falls in order bookings. Given the fact that private developers are unlikely to come up with appropriate contract volumes due to financing problems, it will be essential that public contracting authorities ensure that their stimulus programmes are actively pursued despite possible budget restrictions.

According to Euroconstruct, the general trend on eastern European construction markets is regressive. In building construction, which tends to rely more heavily on private-sector financing, the turnaround is likely to take longer than that in civil engineering. As the general need to catch up in the infrastructure sector will remain high in the medium to long term, a medium-term recovery is expected both in the general economy and in the construction sector.

Given the regressive economic backdrop in CEE/SEE, coupled with a solid order backlog across the PORR Group and the first positive signs from the MENA region, the outlook for 2010 suggests levels similar to 2009, although this is naturally subject to uncertainty. MENA volumes are expected to be at a low level in 2010, but should display upward tendencies by 2011.

The outlook with regard to financial performance is difficult to forecast owing to the general economic backdrop caused by the crisis. Critical factors include price pressure caused by increased competition along with a problematic situation in the field of project financing.

The PORR Group is committed to a highly flexible approach in order to deal with the high variation in market conditions from region to region. Numerous reorganisational measures towards a strict, comprehensive cost management system have already been initiated.

With this in mind, one can expect a slight fall in earnings in the next year. Overall, the measures taken should lead to ongoing improvements in the financial performance in the medium term.

SELECTED PROJECTS 1ST QUARTER 2010

	Location	Country
Civil engineering/road construction		
Tauern Tunnel, 2nd tunnel	Flachau	Austria
H 3-4 Münster-Wiesing*	Münster	Austria
Wienerwaldtunnel*	Chorherrn	Austria
Lainzer Tunnel LT 33 Hofjagdstraße*	Vienna	Austria
Limberg II pumped storage power plant*	Kaprun	Austria
Networks Wien Energie Gasnetz GmbH, part 1	Vienna	Austria
Favoritenstraße pedestrian zone	Vienna	Austria
S33 St. Pölten-Herzogenburg - Maintenance, Krems	Herzogenburg	Austria
Danube flood barriers Spitz*	Spitz	Austria
Finne Tunnel Deutsche Bahn*	Herrengosserstedt	Germany
Osterberg Tunnel*	Kalzendorf-Steigra	Germany
Ashta power plant	Shkodra	Albania
Reservoir sealing Tsankov Kamak	Devin	Bulgaria
S2 expressway	Konotopa-Pulawska	Poland
Sava Bridge*	Belgrade	Serbia
Zdruzenie ZSR – Belusa* rail line	Zdruzenie-Belusa	Slovakia
M6 motorway	Dunaujvaros	Hungary
Building construction		
Eurogate residential complex*	Vienna	Austria
Reha Centre Münster	Münster	Austria
Donaufelderstraße 152 residential complex	Vienna	Austria
Nordbahnhof school	Vienna	Austria
Simmering Geriatric Centre	Vienna	Austria
ÖBB Praterstern office building	Vienna	Austria
Gasgasse residential complex and student halls	Vienna	Austria
Galeria Sloneczna	Radom	Poland
Galeria Harfa*	Prague	Czech Republic

* executed as part of a joint venture

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KEY DATA

1ST QUARTER 2010

PORR GROUP

in EUR m	1st quarter 2010	change	1st quarter 2009
Production output	428.7	-15.7%	508.5
of which domestic	261.7	-7.4%	282.6
of which foreign	167.0	-26.1%	225.9
Foreign share as % of total output	39.0	-5.4PP	44.4
Total order backlog	2,810.1	+5.5%	2,664.3
for the remainder of the current year	1,699.6	-0.2%	1,703.1
for the following years	1,110.4	+15.5%	961.2
Domestic order backlog	1,481.8	+7.6%	1,376.9
for the remainder of the current year	969.5	+3.3%	938.5
for the following years	512.3	+16.9%	438.4
Foreign order backlog	1,328.2	+3.2%	1,287.3
for the remainder of the current year	730.2	-4.5%	764.5
for the following years	598.1	+14.4%	522.8
Order bookings	554.9	-9.1%	610.8
of which domestic	408.8	-4.1%	426.4
of which foreign	146.1	-20.8%	184.4
Average staffing levels	10,372	-1.5%	10,533
of which waged workers	5,786	-3.9%	6,018
of which salaried employees	4,586	+1.6%	4,515

Disclaimer

This quarterly report (interim notice in accordance with Stock Exchange Act § 87 para. 6) also contains statements relating to the future which are based on estimates and assumptions made by managerial staff to the best of their current knowledge. Future-related statements may be identified as such by expressions such as »expected«, »target« or similar constructions. Forecasts related to the future development of the group take the form of estimates based on information available at the time of going to press. Actual results may differ from the forecast if they are shown to be based on inaccurate assumptions or are subject to unforeseen risks. Every care has been taken to ensure that all information contained in every part of this quarterly report is accurate and complete. We regret that we cannot rule out possible round-off, typesetting and printing errors. This report is a translation into English of the interim report on the first quarter issued in the German language and is provided solely for the convenience of English-speaking users. In the event of a discrepancy or translation error, the German-language version prevails.