Intelligent building ...

Interim Report on the 1st Quarter 2017

PORR

1–3
This is PORR

4–8
Management Report

10–15
Interim Consolidated Financial Statements

Key Data

in EUR m	1–3/2017	1–3/2016	Change
Operating data			
Production output	768	648	18.4%
Foreign share	56.1%	51.0%	5.1pp
Revenue	663	598	10.9%
Order backlog	5,527	5,149	7.3%
Order intake	1,491	1,218	22.4%
Average staffing levels	15,228	13,559	12.3%

in EUR m	1–3/2017	1–3/2016	Change
Income statement			
EBITDA	15.1	12.9	16.7%
EBIT	-8.2	-5.8	-40.2%
EBT	-11.0	-10.0	-10.2%
Profit for the period	-8.1	-8.2	0.7%
Earnings per share (in EUR)	-0.30	-0.31	3.2%

in EUR m	31.3.2017	31.12.2016	Change
Statement of financial position			
Total assets	2,322	2,360	-1.6%
Equity (incl. non-controlling interests)	558	441	26.5%
Equity ratio	24.0%	18.7%	5.3pp
Cash and cash equivalents	231	476	-51.5%
Net debt/net cash	-195	53	< -100.0%
Gearing ratio	0.35	-0.12	> 100.0%
Capital employed	696	331	> 100.0%

in EUR m	1–3/2017	1–3/2016	Change
Cash flow and investments			
Operating cash flow	-2.4	9.0	< -100.0%
Cash flow from operating activities	-285.9	-196.6	-45.5%
Cash flow from investing activities	-86.4	-23.6	< -100.0%
Cash flow from financing activities	123.8	-22.5	> 100.0%
Investments	42.9	15.0	> 100.0%
Depreciation/amortisation/impairment	23.3	18.8	24.4%

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

Foreword by the Executive Board

Dear shareholders and respected business associates,

Thanks to our proactive acquisition activity, we can report another pleasing business performance in the first quarter of 2017. We have increased our production output by 18.4% in the first three months of this business year to EUR 768m. A particularly welcome factor is that every business unit achieved double-digit growth. At the same time, the order backlog reached a new record level and totalled EUR 5,527m, which was 7.3% higher than the comparable value of the previous year. Overall, PORR thereby continues to have more than one year's construction output on its order books. The order intake rose even more sharply, growing by 22.4% to EUR 1,491m – the largest new tender in the reporting period was acquired in Poland, the construction of the railway line LK 354 Poznań–Piła, followed by large orders in Germany (consortium U5 Europaviertel), Slovakia (road project D3 Čadca) and Norway (E18 Varodd Bridge). This highly satisfactory overall performance was not, however, reflected in the consolidated earnings. The late start to the construction season caused by the weather led to EBT that was 10.2% below the value of the previous year; however, earnings should undergo a positive development over the course of the year in line with production output.

Our strong expertise in the infrastructure sector was proven once again in the period under review. In particular, our market position in Germany was consolidated through the acquisition of renowned companies. In the first quarter we finalised the purchase of the longstanding company in specialist civil engineering Franki Grundbau GmbH & Co. KG with around 230 employees; this will significantly expand our range of services. With the takeover of the German construction company Heijmans Oevermann GmbH concluded in April, PORR is also expanding its competencies in traffic construction. These two companies will contribute to our declared strategy of significantly strengthening our market position in Germany.

To continue to support the acquisition strategy and purchase small and medium companies as part of the consolidation process in the construction industry, in February we succeeded in placing a EUR 125m hybrid bond, predominantly with international investors. Demand for the bond significantly exceeded the nominal value placed.

The internal focus is clearly directed at the future challenges of digitalisation. Here the implementation of the "Roadmap 2020" is a priority. We intend to realise the paperless construction site by 2020 via multiple work streams.

In 2017 we are once again facing a highly challenging backdrop, characterised by the increasingly fierce competition and ongoing high pressure on our margins. In light of the outstanding order situation, we are, however, approaching the current business year with optimism. We have set the stage for renewed success and further growth in the first quarter.

May 2017, Vienna

The Executive Board

Karl-Heinz Strauss Chief Executive Officer	Christian B. Maier Executive Board Member	J. Johannes Wenkenbach Executive Board Member

As you may have already heard from the Austrian media reports, searches were carried out on four TEERAG-ASDAG and PORR sites on 3 May 2017 on the grounds of collusion. At the current point in time we are unable to issue a conclusive statement on the internal events, as the case relates to projects of local units, some of which date back nine years. We have immediately initiated an internal investigation and we are, of course, cooperating fully with the authorities. The basic principle holds true: We at PORR condemn any illegal behaviour in the strongest possible terms. In a company that realises around 8,000 projects a year with a volume in excess of EUR 4 bn and with numerous partners, it is regrettably the case that isolated instances of misconduct may occur, despite a well developed compliance system. PORR does not and will never tolerate any form of misconduct.

PORR on the Stock Exchange

Price gains on the capital markets

The first quarter of 2017 saw significant price gains on the international stock exchanges; the MSCI World Index rose by 4.9%, while the MSCI Emerging Markets Index was up by as much as 11.1%. On the US stock exchanges the start of the new government was reflected in significant price gains, with the US share index, the Dow Jones Industrial (DJI), reaching a historic high of 21,115.55 points on 1 March. Following price slumps in the course of March, the overall gains on the DJI in the first quarter stood at 4.6%.

The hope of positive economic stimuli from the USA, the generally bright outlook for the global economy and a peaceful overall political environment in Europe also led to gains on the European stock exchanges in the first quarter of 2017. The eurozone index EURO STOXX 50 was up by 6.4% in the first three months of the year. The German stock index DAX outperformed this result with gains of 7.2%.

In the first quarter of 2017 the Vienna Stock Exchange continued its positive price growth from the preceding two quarters. With a rise of 8.0%, the ATX closed on 31 March 2017 at 2,828.79 points. Thanks to the strong price gains, the market capitalisation of the Vienna Stock Exchange passed the EUR 100bn mark for the first time since the 2008 economic crisis.[1]

PORR share undergoes anticipated price correction

Following on from a 42.2% price increase in 2016, the PORR share underwent a slight price correction in the first quarter of 2017. It started the new year on the stock exchange at EUR 38.27 and reached its quarterly high on 20 February at EUR 41.31. The performance that followed was subject to sharp volatility. After a downturn, the share closed at EUR 34.82 on 31 March and was thereby around 40% higher than the comparable value of the previous year, nevertheless 9.0% below the price at the start of 2017. The trading volumes averaged 44,837 shares per day in the first quarter, practically double the levels of the first quarter of the previous year.

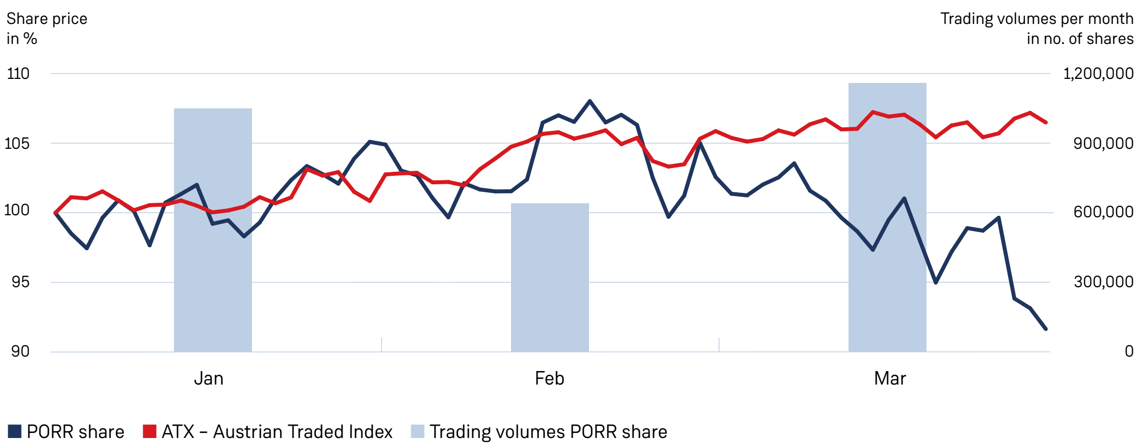
Broad international shareholder structure

The largest percentage of outstanding shares of 53.7% is held by the syndicate consisting of the Strauss Group and the IGO-Ortner Group. According to the analysis carried out at the start of 2017, the other shares have a broad international dispersion. The majority of shares are held by institutional investors; in terms of region, the focal points are Austria (38.3%), the UK (13.7%), Germany (9.5%) and the USA (2.4%).

Investor Relations

The goal of investor relations is transparent, timely information, which should allow every stakeholder to make a true and faithful evaluation of the company. In the period under review the management and investor relations team held numerous one-on-one talks with investors and analysts in Europe's largest financial centres and took part in international investment conferences. In addition to these activities, PORR issued comprehensive reports on its business performance as part of the quarterly teleconferences for analysts, institutional investors and banks, as well as at regular press conferences. The PORR share is currently covered by eight brokers: HSBC, ERSTE Group, Berenberg Bank, Hauck & Aufhäuser, HELVEA Baader Bank, Raiffeisen Centrobank, Kepler Chevreux and SRC Research.

Share price and trading volumes of PORR share in the first quarter 2017 (index)



[1] Vienna Stock Exchange

Management Report

Economic Environment

Reticent growth for the global economy

The global economy gathered significant momentum in the past months. There was a renewed expansion in industrial production worldwide in February – with impetus both from industrial and threshold countries. The upsurge in international demand also led to a sharp rise in commodities prices in the first quarter.[1]

The US economy had a weak start to the year 2017. GDP grew by just 0.2% against the preceding quarter.[2] The USA thereby recorded its weakest growth in three years since the inauguration of President Donald Trump.

In contrast, at the start of the year the eurozone eclipsed the growth of the world's largest economy, the USA. From January to March GDP rose by 0.5% against the preceding quarter and thereby grew more than twice as rapidly as the USA.[3] The weak euro boosted exports, which also profited from the improved global economy. After a strong start to the year, the European Central Bank (ECB) adjusted its growth forecast upwards from the current 1.8% for the eurozone for the full year 2017.[4]

The growth of the Austrian economy also accelerated in the first quarter. According to the flash estimate by the Austrian Institute of Economic Research (WIFO), GDP was up by 0.6% against the preceding period – thereby mirroring eurozone growth. In light of the improvement in the international economy, Austrian companies also benefited from the surge in export demand, while consumer spending by private households once again served as an economic pillar.

Central Europe is also showing positive tendencies. The economy in Eastern Europe was boosted by a slight increase in energy prices and the recovery of Russian economic output following a longer recession. The core CEE countries are thereby expected to achieve robust economic growth of around 3% in 2017.[5]

Increase in construction output

Euroconstruct has forecast growth in Europe of 2.1% in 2017, with significantly more robust growth in Eastern Europe. However, this growth is still far below the long-term average and also includes a slowdown in construction activity in individual countries such as the UK or the Czech Republic. The partial index of the WIFO economic test for the construction industry provides for an optimistic mood for Austria. For the full year 2017 the sector's value creation is set to grow by 1.8%,[6] whereby the growth will come almost exclusively from building construction. Investment in civil engineering is only expected to pick up again after 2018.

Development of Output

In the first quarter of 2017 PORR achieved another significant increase in output. Production output reached EUR 768m at 31 March 2017, a rise of EUR 120m or 18.4%. The important home markets of Austria, Germany, Switzerland and Poland achieved increases, some of which were significant, while output in the Czech Republic held steady at the level of the previous year.

The growth in production output is divided across every business unit. One particularly pleasing factor is that all of the business units achieved double-digit growth. The sharpest growth in percentage terms was achieved by Business Unit 2 – Germany, which thereby built on its previously announced expansion path. The highest absolute growth came from Business Unit 1 – A/CH/CZ. The performance of Vienna, Switzerland and large-scale building construction projects was especially strong, but most of the other units achieved growth, some of which was pronounced. In addition, Business Unit 3 – International increased its production output by around 15% – with Poland and Qatar as significant drivers. Business Unit 4 – Environmental Engineering, Healthcare & Services benefited from the good capacity utilisation of PORR Umwelttechnik and ALU-SOMMER, among others.

Around 82% of the production output was generated on the five home markets in the first quarter. Austria remained the largest market by some margin and accounted for around 44% of the production output. With a share approaching 24%, Germany continued to consolidate its role as PORR's second-largest market. The good performance on the remaining markets – especially Qatar, Switzerland and Poland – led the share accounted for by the foreign business to grow to around 56%.

[1] http://www.wifo.ac.at/jart/prj3/wifo/resources/person_dokument/person_dokument.jart?publikationsid=60422&mime_type=application/pdf
[2] http://www.focus-economics.com/regions/major-economies
[3] Eurostat: http://ec.europa.eu/eurostat/documents/2995521/8009165/2-03052017-AP-DE.pdf/36b16b45-d218-442c-9f7c-1c9f17cf2421
[4] EU Commission Brussels / profil: https://www.profil.at/wirtschaft/oekonomen-auf-wirtschaftskrise-erholung-8117795
[5] Raiffeisen Research
[6] WIFO Monthly Report, 2017, 90(4), S. 235-248

Order Balance

PORR's order situation continues to be highly satisfactory and set another new record at 31 March 2017. The order backlog grew to EUR 5,527m, a rise of EUR 378m or 7.3%. The growth in the order intake was even more pronounced; at EUR 1,491m, it was up by EUR 273m or 22.4% year-on-year. This performance is even more positive as the order intake was not driven by one-off effects as part of large-scale projects.

The largest new orders were the railway line LK 354 Poznań–Piła in Poland and a milestone in structural engineering: PORR was charged with building a section of the U5 metro line in Frankfurt. PORR Deutschland GmbH will realise the underground section from Platz der Republik to Emser Bridge. Another major road project was acquired in Slovakia with the D3 Čadca and on the new market of Norway PORR won the tender for the E18 Varodd Bridge. The largest new orders in Austria were the Mur power plant consortium Graz and the residential complex Dr. Karl Renner Promenade in St. Pölten. In Switzerland PORR acquired two additional building construction projects at Zurich Central Station, as well as the tender to overhaul the Zentralschweizer Nationalstraße N4 between Zurich and Altdorf. The project includes rehabilitation works on five bridges and two tunnels. Germany remains on an expansion path, with acquisitions including the residential project Stresemann Quartier in Hamburg, the residential project Naumannsche Brauerei in Leipzig, the office project Sono West in Frankfurt and an additional lot on the Emscher sewer.

Financial Performance

The construction industry traditionally generates lower revenue and consequently lower earnings in the first quarter due to seasonal factors. Construction output is weaker in the winter months and this has an impact on financial performance.

Revenue in the first quarter of 2017 totalled EUR 663.3m, a significant increase of 10.9% against the comparable period in 2016. While the cost of materials and staff expense rose slightly faster than revenue (12.3%), other related production expenses saw a slower increase than revenue (7.5%). Thereby expenses for own services underwent a significantly more pronounced increase in the first quarter than expenses for purchased services. There was a slight overall decline in the percentage of revenue accounted for by the cost of materials and other related production services (-0.6%) as well as for staff costs as a percentage of revenue (-0.2%). This change in costs let EBITDA to improve by EUR 2.2m to EUR 15.1m. The increase in depreciation, amortisation and impairment of EUR 4.5m to EUR 23.3m in the first quarter of 2017 led EBIT to slip back to EUR -8.2m at 31 March 2017 and it was thereby EUR 2.4m below the value of the previous year.

Financing costs underwent a further reduction and were EUR 1.9m (-28.3%) lower than the comparable period. Slightly lower income from non-controlling interests led to a decrease in income from current and non-current financial assets of EUR -0.6m to EUR 2.1m. Overall this resulted in a decline of EUR -1.0m in EBT, which totalled EUR -11.0m. An improved tax result led the loss for the first quarter of 2017 to stand at EUR -8.1m, matching the level of the previous year (EUR -8.2m).

Financial Position and Cash Flows

At 31 March 2017 the Group's total assets amounted to EUR 2,322.0m and were thereby EUR 38.4m lower than on the comparable closing date, 31 December 2016.

While non-current assets increased by EUR 85.6m in the first quarter of 2017, primarily because of acquisitions and investments in financial assets, current assets declined by a total of EUR 124.0m against 31 December 2016, as a result of the seasonal reduction in the high levels of cash and cash equivalents.

Equity rose in the first quarter due to the issue of a hybrid bond (EUR 123.5m). There was a slight contrasting effect from the negative net earnings for the period in line with the usual business performance in the first quarter. The equity ratio stood at 24.0% at 31 March 2017 compared to 18.7% at 31 December 2016.

In terms of liabilities, important factors included a reduction of EUR 147.7m in current liabilities, on the one hand because the strong cash position at 31 December 2016 was used to settle liabilities and on the other hand because of the reduction in prepayments received due to progress on construction projects. Non-current liabilities slipped back slightly by EUR 7.8m to EUR 553.4m.

Net debt rose as a result of the reduction in cash and cash equivalents at 31 March 2017 by EUR 248.5m to EUR 195.2m (net cash position at 31 December 2016: EUR 53.3m).

The decrease of EUR -11.4m in operating cash flow, which totalled EUR -2.4m, mainly resulted from the higher, non-cash release of deferred tax provisions. This impact is, however, being offset by allocations to current tax provisions in cash flow from operating activities.

Cash flow from operating activities of EUR -285.9m was EUR -89.4m lower than the comparable period in 2016, as more funds were tied up in working capital at 31 March 2017 than on the comparable date of the previous year. Cash flow from investing activities was EUR 62.8m lower than in the same period of the previous year as the result of the higher cash outflows for acquiring subsidiaries and for current financial investments.

Cash flow from financing activities showed the cash inflow from raising hybrid capital (EUR 123.5m) and taking out credit financing (EUR 12.2m), as well as the outflow from settling loans and borrowings (EUR -11.9m).

At 31 March 2017 cash and cash equivalents totalled EUR 231.1m.

Investments

In the first quarter of 2017 no significant investments were made in tangible assets aside from the usual high investments to replace machinery and construction site equipment and buy new equipment. The strict cost controls in the entire Group are thereby continuing to be upheld.

Opportunity and Risk Management

Risk management focuses on the areas of project management, lending and borrowing management, procurement, liquidity, currency and interest exchange management, as well as monitoring risks related to markets and the general economy. The main priority of the PORR Group's opportunity and risk management is to implement processes in order to identify opportunities and risks early on so that the requisite countermeasures can be taken swiftly. In the past year the PORR opportunity and risk management system has been strengthened in terms of the organisation and personnel and the early warning system has been expanded.

Staff

In the first quarter of 2017 PORR employed 15,228 people on average – an increase of 1,669 people or 12.3%. This increase was disproportionately low in relation to the growth in output and was mainly accounted for by Germany and Qatar, although the other operating units also contributed to the increase with their expansion in personnel. In Germany PORR is pursuing a clear expansion strategy, both through organic growth and through acquisitions such as Franki Grundbau and this is reflected in the employee numbers. The staffing levels in Qatar are being built up for the new tenders, particularly the Al Wakrah football stadium.

Forecast Report

PORR is in good shape economically. The increase in production output by around 18% and the all-time high of EUR 5,527m in the order backlog allow the company to approach the full year 2017 with optimism. The successful expansion in Germany, the highly promising acquisitions and the good performance in new markets such as Norway and the UK have also strengthened PORR's market position. In light of all of these factors, the Executive Board expects a further increase in output and earnings for the current business year. This guidance is, however, subject to a significant fluctuation margin, as is typical for the industry given the fact that construction markets are highly dynamic.

The established position of PORR's strengths provides an incentive for the Executive Board to set the course for the future today. Here, in addition to the well-known strategic direction – intelligent growth through concentrating on the home markets with a strong credit standing of Austria, Germany, Switzerland, Poland and the Czech Republic – the Group is focusing on the challenges of digitalisation, which are affecting the construction industry to an ever greater degree. The internal "Roadmap 2020" and the investments in BIM (Building Information Modeling) have made PORR into a construction company of the future, as it is playing a leading role in these developments.

However, even given all of the positive signs, recent weeks have underlined how important it is to energetically promote the strict efforts related to compliance and zero tolerance for any breaches in this area. The Executive Board is committed to integrity and responsible behaviour and will take an even more comprehensive approach to embedding these values in the Group.

Segment Report

Business Unit 1 – Austria, Switzerland, Czech Republic

Key data

in EUR m	1-3/2017	1-3/2016	Change
Production output	347	301	15.1%
Order backlog	1,938	1,992	-2.7%
Order intake	621	729	-14.8%
Average staffing levels	6,510	6,340	2.7%

The activities on the permanent markets of Austria, Switzerland and the Czech Republic are included in the segment Business Unit 1 – A/CH/CZ (BU 1). It covers building construction and civil engineering, structural engineering, foundation engineering, the raw materials business on these markets and various shareholdings. The focus is on the fields of residential construction, office building, industrial construction and road construction. This segment additionally covers large-scale building construction projects – also those on international markets.

In the first three months of 2017 the production output of BU 1 reached EUR 347m, an increase of EUR 46m or 15.1%. Practically all of the Austrian provinces as well as Switzerland and the Czech Republic recorded strong growth. The order backlog of BU 1 continues to be highly satisfactory, although it slipped back in comparison to the previous year. The order backlog stood at EUR 1,938m, a decline of EUR 54m or 2.7%. The order intake decreased to EUR 621m, a fall of EUR 108m or 14.8%. This decrease was primarily the result of acquiring large-scale projects in the comparable period of the previous year, especially the Al Wakrah football stadium and the major Europaallee project in Switzerland.

BU 1 is optimistic about the full year 2017 – despite the challenging backdrop in civil engineering in particular. The strong credit standing of both public and private clients in Austria and Switzerland is the basis for economic growth.

Business Unit 2 – Germany

Key data

In EUR m	1-3/2017	1-3/2016	Change
Production output	117	79	47.1%
Order backlog	1,003	734	36.7%
Order intake	381	124	> 100.0%
Average staffing levels	1,312	1,001	31.1%

The segment Business Unit 2 – Germany (BU 2) encompasses all of PORR's activities on the home market of Germany – from building construction and civil engineering to foundation and structural engineering – and does justice to the importance of PORR's second largest market. Particular focal points include private building construction, where PORR has established itself as a reliable partner to German industry.

In line with the expansion strategy, BU 2's production output rose sharply and stood at EUR 117m at 31 March 2017, an increase of EUR 38m or 47.1%. In addition to the organic growth, part of the increase came from the first-time inclusion of Franki Grundbau. Despite the strong increase in output, BU 2 achieved a significant expansion in the cushion of orders once again. The order backlog rose to EUR 1,003m, an increase of EUR 269m or 36.7%. The order intake more than doubled and amounted to EUR 381m at the reporting date, a rise of EUR 257m or 208.5%.

PORR's successful strategy in Germany remains unchanged. In the coming years PORR will continue with its growth path in Germany and consistently consolidate its position through both organic growth and purchases. Here BU 2 is concentrating on the areas in which PORR has clear value added.

Business Unit 3 – International

Key data

In EUR m	1–3/2017	1–3/2016	Change
Production output	246	214	14.9%
Order backlog	2,383	2,251	5.8%
Order intake	402	268	49.6%
Average staffing levels	4,831	3,898	23.9%

The segment Business Unit 3 – International (BU 3) is home to the project-based business activities in Poland, the Nordic region, Qatar, Slovakia, Romania, Bulgaria, the UK and other future target countries. Added to this are the competencies in tunnelling, railway construction and bridge construction. In Poland and Romania BU 3 is also responsible for building construction and civil engineering, while PORR is additionally active in foundation engineering in Poland.

In common with the other business units, BU 3 managed to achieve significant increases in production output in the first three months of 2017. Output reached EUR 246m, an increase of EUR 32m or 14.9%. Growth in output in Poland and Qatar were significant factors behind this increase. In addition to production output, further improvements were also seen in the order situation. The order backlog rose to EUR 2,383m, an increase of EUR 132m or 5.8%. A range of interesting new acquisitions led the order intake to climb to EUR 402m, a rise of EUR 134m or 49.6%.

The high order backlog means that nearly all of the capacities of BU 3 are fully utilised; new acquisitions are therefore undertaken very selectively with a view to the margins. BU 3 has a special focus on risk management in order to counter the fluctuations throughout the year that are a common feature of the large-scale project business.

Business Unit 4 – Environmental Engineering, Healthcare & Services

Key data

In EUR m	1–3/2017	1–3/2016	Change
Production output	50	42	19.5%
Order backlog	101	104	-2.2%
Order intake	35	64	-45.9%
Average staffing levels	1,443	1,297	11.3%

Business Unit 4 – Environmental Engineering, Healthcare & Services (BU 4) is home to PORR Umwelttechnik GmbH, the equity interests Prajo, TKDZ and PWW, hospitals, PORREAL and StraussPropertyManagement, Thorn, ALU-SOMMER, as well as activities related to PPP.

In the first quarter of 2017 BU 4 managed to increase its production output to EUR 50m, a rise of EUR 8m or 19.5%. The most important output drivers here were PORR Umwelttechnik and ALU-SOMMER. The order backlog declined as the result of the project-driven business of the PPP unit. There was a strong one-effect in the comparable period of the previous year with the acquisition of the PPP motorway project D4/R7 in Slovakia. A similar one-off impact also affected the order intake of ALU-SOMMER. With this in mind, the order backlog reached EUR 101m, a decline of EUR 3m or 2.2%. The one-off effects caused the order intake to fall to EUR 35m, a decrease of EUR 29m or 45.9%.

With its competencies in niche sectors, BU 4 is an ideal complement to PORR's construction services and expands the value chain across a structure's entire lifecycle. Niches such as environmental engineering, project development or additional services such as facades or sewage technology will continue to be expanded consistently in order to be able to exploit opportunities in the design-build and general contractor sector in particular.

… is founded on innovative solutions.

Intelligent building is founded on innovative solutions.
Today's world is digital. This also holds true for the construction business. Analogue technologies are being replaced by tablet and cloud computing, while the entire value chain – from order intake to production and execution – is being digitalised with multifunctional, complete solutions. With Building Information Modeling (BiM), PORR has set the course for the future. Our specialists today are developing 5D solutions and have integrated the dimensions of time and construction site logistics. The result: a conclusive optimisation of all previously commonplace processes.

Interim Consolidated Financial Statements as of 31 March 2017

These consolidated interim financial statements of the PORR Group have been compiled in accordance with the rules of the Vienna Stock Exchange and apply the accounting and valuation methods applied in the consolidated financial statements of 31 December 2016; they consist of a condensed statement of financial position, a condensed income statement, a condensed statement of comprehensive income, a condensed cash flow statement and a condensed statement of changes in equity.

Consolidated Income Statement

in TEUR	1–3/2017	1–3/2016
Revenue	663,295	598,258
Own work capitalised in non-current assets	982	131
Share of profit/loss of companies accounted for under the equity method	5,641	5,302
Other operating income	35,868	28,078
Cost of materials and other related production services	-415,890	-378,498
Staff expense	-193,075	-175,427
Other operating expenses	-81,752	-64,934
EBITDA	**15,069**	**12,910**
Depreciation, amortisation and impairment expense	-23,265	-18,754
EBIT	**-8,196**	**-5,844**
Income from financial investments and other current financial assets	2,079	2,688
Finance costs	-4,904	-6,841
EBT	**-11,021**	**-9,997**
Income tax expense	2,886	1,806
Profit for the period, total	**-8,135**	**-8,191**
of which attributable to shareholders of the parent	-8,751	-8,751
of which attributable to holders of profit-participation rights	666	666
of which attributable to non-controlling interests	-50	-106
Basic (diluted) earnings per share, total (in EUR)	**-0.30**	**-0.31**

Statement of Comprehensive Income

in TEUR	1–3/2017	1–3/2016
Profit for the period	**-8,135**	**-8,191**
Other comprehensive income		
Exchange differences	1,388	-310
Losses/gains from fair value measurement of securities	-3	28
Losses/gains from cash flow hedges		
in the year under review	157	-684
reclassified into profit or loss	-	-
Income tax expense (income) on other comprehensive income	-38	164
Other comprehensive income which can subsequently be reclassified to profit or loss (recyclable)	**1,504**	**-802**
Other comprehensive income	**1,504**	**-802**
Total comprehensive income	**-6,631**	**-8,993**
of which: attributable to non-controlling interests	-16	-94
Share attributable to shareholders of the parent and holders of profit-participation rights	**-6,615**	**-8,899**
of which: attributable to holders of profit-participation rights	666	666
Share attributable to shareholders of the parent	**-7,281**	**-9,565**

Consolidated Statement of Financial Position

in TEUR	31.3.2017	31.12.2016
Assets		
Non-current assets		
Intangible assets	71,378	62,597
Property, plant and equipment	533,327	521,118
Investment property	59,178	43,453
Shareholdings in companies accounted for under the equity method	44,372	43,286
Loans	23,999	23,157
Other financial assets	89,971	89,912
Other non-current financial assets	52,260	7,638
Deferred tax assets	10,829	8,528
	885,314	**799,689**
Current assets		
Inventories	79,973	73,274
Trade receivables	997,018	930,029
Other financial assets	117,595	70,999
Other receivables and current assets	7,023	6,019
Cash and cash equivalents	231,097	476,430
Assets held for sale	4,026	4,024
	1,436,732	**1,560,775**
Total assets	**2,322,046**	**2,360,464**

Equity and liabilities		
Equity		
Share capital	29,095	29,095
Capital reserves	251,287	251,287
Hybrid capital	150,247	25,303
Other reserves	80,749	89,335
Equity attributable to shareholders of parent	**511,378**	**395,020**
Equity from profit-participation rights	43,290	42,624
Non-controlling interests	3,212	3,228
	557,880	**440,872**
Non-current liabilities		
Bonds and Schuldscheindarlehen	300,802	300,662
Provisions	144,104	132,864
Non-current financial liabilities	72,545	78,463
Other non-current financial liabilities	2,585	3,176
Deferred tax liabilities	33,322	45,947
	553,358	**561,112**
Current liabilities		
Provisions	125,234	120,058
Current financial liabilities	52,959	43,993
Trade payables	690,144	785,630
Other current financial liabilities	13,481	19,232
Other current liabilities	296,642	368,933
Tax payables	32,348	20,634
	1,210,808	**1,358,480**
Total equity and liabilities	**2,322,046**	**2,360,464**

Consolidated Cash Flow Statement

in TEUR	1–3/2017	1–3/2016
Profit for the period	-8,135	-8,191
Depreciation, impairment and reversals of impairment on fixed assets and financial assets	23,271	18,707
Interest income/expense	2,076	4,589
Income from companies accounted for under the equity method	-574	268
Dividends from companies accounted for under the equity method	-	483
Losses/profits from the disposal of fixed assets	-4,169	211
Decrease in long-term provisions	-93	-593
Deferred income tax	-14,759	-6,452
Operating cash flow	**-2,383**	**9,022**
Increase in short-term provisions	5,031	6,677
Increase in tax provisions	11,594	3,675
Increase in inventories	-3,974	-7,214
Increase in receivables	-92,807	-20,153
Decrease in payables (excluding banks)	-198,549	-185,165
Interest received	1,540	1,561
Interest paid	-3,151	-5,020
Other non-cash transactions	-3,220	52
Cash flow from operating activities	**-285,919**	**-196,565**
Proceeds from the disposal of intangible assets	2	7
Proceeds from sale of property, plant and equipment and disposal of investment property	7,463	3,607
Proceeds from sale of financial assets	1	167
Proceeds from repayment of loans	45	49
Investments in intangible assets	-5,468	-945
Investments in property, plant and equipment and investment property	-37,109	-14,011
Investments in financial assets	-121	-171
Investments in loans	-170	-
Payouts for financial investments	-45,000	-11,846
Payouts for the purchase of subsidiaries less cash and cash equ.	-6,043	-479
Cash flow from investing activities	**-86,400**	**-23,622**
Proceeds from bonds	-	-1,276
Obtaining loans and other financing	12,232	5,129
Redeeming loans and other financing	-11,880	-26,336
Hybrid capital	123,472	-
Cash flow from financing activities	**123,824**	**-22,483**
Cash flow from operating activities	**-285,919**	**-196,565**
Cash flow from investing activities	**-86,400**	**-23,622**
Cash flow from financing activities	**123,824**	**-22,483**
Change to cash and cash equivalents	**-248,495**	**-242,670**
Cash and cash equivalents at 1 January	476,430	647,243
Currency differences	3,162	-93
Changes to cash and cash equivalents resulting from changes to the consolidated group	-	-
Cash and cash equivalents at 31 March	**231,097**	**404,480**
Tax paid	9	913

Statement of Changes in Group Equity

in TEUR	Share capital	Capital reserves	Revaluation reserve	Remeasurement from benefit obligations	Foreign currency translation reserves
Balance at 1 January 2016	**29,095**	**249,014**	**13,417**	**-25,540**	**3,190**
Total profit/loss for the period	-	-	-	-	-
Other comprehensive income	-	-	-547	-	-322
Total comprehensive income	-	-	-547	-	-322
Income tax on interest for holders of hybrid/mezzanine capital	-	-	-	-	-
Balance at 31 March 2016	**29,095**	**249,014**	**12,870**	**-25,540**	**2,868**
Balance at 1 January 2017	**29,095**	**251,287**	**12,767**	**-30,767**	**2,156**
Total profit/loss for the period	-	-	-	-	-
Other comprehensive income	-	-	-	-	1,255
Total comprehensive income	-	-	-	-	1,255
Hybrid capital	-	-	-	-	-
Income tax on interest for holders of hybrid/mezzanine capital	-	-	-	-	-
Balance at 31 March 2017	**29,095**	**251,287**	**12,767**	**-30,767**	**3,411**

Total debt securities available for sale - fair value reserve	Reserve for cash flow hedges	Hybrid capital	Retained earnings and non-retained profit	Equity attributable to equity holders of the parent	Profit-participation rights	Non-controlling interests	Total
-645	**-806**	**25,303**	**76,080**	**369,108**	**43,160**	**-150**	**412,118**
-	-	422	-9,173	**-8,751**	666	-106	**-8,191**
21	-513	-	547	**-814**	-	12	**-802**
21	-513	422	-8,626	**-9,565**	666	-94	**-8,993**
-	-	-	272	**272**	-	-	**272**
-624	**-1,319**	**25,725**	**67,726**	**359,815**	**43,826**	**-244**	**403,397**
-272	**-655**	**25,303**	**106,106**	**395,020**	**42,624**	**3,228**	**440,872**
-	-	1,472	-10,223	**-8,751**	666	-50	**-8,135**
-2	118	-	99	**1,470**	-	34	**1,504**
-2	118	1,472	-10,124	**-7,281**	666	-16	**-6,631**
-	-	123,472	-	**123,472**	-	-	**123,472**
-	-	-	167	**167**	-	-	**167**
-274	**-537**	**150,247**	**96,149**	**511,378**	**43,290**	**3,212**	**557,880**

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Disclaimer

This interim report also contains statements relating to the future which are based on estimates and assumptions which are 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.

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

Forecasts related to the future development of the Group take the form of estimates based on information available at the time of the interim report 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.

All dates expressed in digits conform to European conventions of dd.mm.yyyy.

Every care has been taken to ensure that all information contained in every part of this interim 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 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.