Intelligent building ...

Interim Report on the 3rd Quarter 2017

PORR

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Key Data

in EUR m	1–9/2017	1–9/2016	Change
Operating data			
Production output	3,343	2,788	19.9%
Foreign share	53.3%	46.5%	6.8pp
Revenue	3,015	2,484	21.4%
Order backlog	5,808	5,181	12.1%
Order intake	4,347	3,390	28.2%
Average staffing levels	17,279	14,941	15.6%

in EUR m	1–9/2017	1–9/2016	Change
Earnings indicators			
EBITDA	110.8	112.4	-1.4%
EBIT	33.1	49.2	-32.8%
EBT	28.4	40.8	-30.3%
Profit for the period	21.3	30.7	-30.4%
Earnings per share (in EUR)	0.66	0.99	-33.3%

in EUR m	30.9.2017	31.12.2016	Change
Statement of financial position			
Total assets	2,821	2,362	19.4%
Equity (incl. non-controlling interests)	554.1	440.9	25.7%
Equity ratio	19.6%	18.7%	0.9pp
Cash and cash equivalents	92	476	-80.6%
Net debt/net cash	-501	53	> -100.0%
Gearing ratio	0,9	-0.12	> -100.0%
Capital employed	996	331	> 100.0%

in EUR m	1–9/2017	1–9/2016	Change
Cash flow and investments			
Operating cash flow	60	84	-28.4%
Cash flow from operating activities	-371	-207	79.1%
Cash flow from investing activities	-219	-126	73.6%
Cash flow from financing activities	207	-52	> -100.0%
Investments	-124	-120	3.0%
Depreciation/amortisation/impairment	-79	-64	23.9%

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,

2017 has been a year for PORR to take a breath. After five years of continuous growth in output and earnings, important new steps have been taken in terms of both operations and organisation in recent months. Our goal is to position PORR optimally for the coming years and successfully continue our sustainable growth trajectory.

The PORR operating performance continued the success of the preceding years as of 30 September. Production output rose by 19.9% to EUR 3,343m as a result of both organic growth and acquisitions. With a record order backlog of EUR 5,808m, representing an increase of 12.1%, the basis for the Group's further success has been secured. We expect another all-time high in production output for the full year 2017.

With regard to earnings, we expect the full-year results to be somewhat below those of the previous year, should the parameters remain unchanged. In Germany the rapid expansion of the market position along with the related integration measures and higher subcontractor costs led to an overall cost increase. In Qatar political turbulence resulted in a rise in costs for logistics and procurement, whereby all projects are nevertheless progressing as planned.

Intelligent growth is and will remain the central pillar of our corporate strategy – the PORR portfolio in Austria and Germany has been strengthened by enhancing key segments and regions in the period under review. We achieved an important goal with the takeover of Franki Grundbau and Heijmans Oevermann: developing the Central and North German infrastructure market with our own qualified staff. We are able to meet the demands of permanent business and large-scale projects through our own team. In Austria the Hinteregger Group is an ideal complement to our service portfolio with their expertise in the permanent civil engineering business and in special areas such as tunnelling.

In organisational terms, the year 2017 has been dedicated to integrating the new Group subsidiaries. In addition to this, PORR is positioning itself optimally for the future. Focal points here include the digitalisation offensive and our Roadmap 2020. These measures will play a part throughout the whole of 2018 and will determine the sustainable growth and increased earnings over the coming years.

On 15 November CFO Christian B. Maier announced his decision to resign as the Chief Financial Officer of PORR AG, with effect from 31 December 2017. In future he will increase his focus on managing his private assets and expanding his investment companies. Karl-Heinz Strauss will take over his role on an interim basis.

The Nomination Committee of the Supervisory Board has nominated Andreas Sauer as a member of the Executive Board and new CFO of PORR AG with effect from 1 February 2018. The requisite resolutions are set to be passed in the Supervisory Board meeting on 6 December 2017. Andreas Sauer (49) is a graduate in economics from the University of Mannheim and his most recent position has been as the CFO of Nokia Mobile Networks. Sauer has comprehensive experience in the fields of integration, transformation and project management.

Vienna, November 2017

The Executive Board

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

PORR on the Stock Exchange

Strong momentum on the international markets

The favourable state of the economy and the prospect of ongoing low interest rates led the positive growth on the international stock markets to continue in the third quarter of 2017. The MSCI World Index climbed by 4.4% and the increase against year-end 2016 was even as much as 14.2%. On the US stock markets the sharp growth in corporate profits and lower inflation forecasts boosted share prices. The overall growth of the Dow Jones Industrial totalled 4.9% in the third quarter, with the Composite rising by 5.8%; full-year growth was 13.4% and 20.7% respectively. On the European stock exchanges, the appreciation of the euro and concerns about a more restrictive policy by the European Central Bank led to a declining share performance from the middle of the second quarter. However, favourable macroeconomic data and positive news from businesses in particular acted as price drivers, causing the eurozone index EURO STOXX 50 to close up by 4.4% at the end of the third quarter and to consolidate its current-year growth of 9.2%.

The strong performance of the Vienna Stock Exchange continued in the third quarter with a rise of 6.7% in the leading ATX index. Higher corporate profits and generally favourable economic data led to a sharp rise in trading turnover in the first three quarters of 2017.[1]

PORR share price declines

Following a price surge of 42.2% in 2016 and a volatile performance in the first half of 2017, the PORR share's downward trend continued in the third quarter; the year-low of EUR 22.80 was reached on 13 September. The PORR share closed the third quarter at EUR 26.73 and was thereby down by around 31% against year-end 2016 (price on 30.12.2016: EUR 38.92). Trading volumes in the third quarter averaged 121,445 shares per day; market capitalisation as of 29 September 2017 was EUR 777.6m.

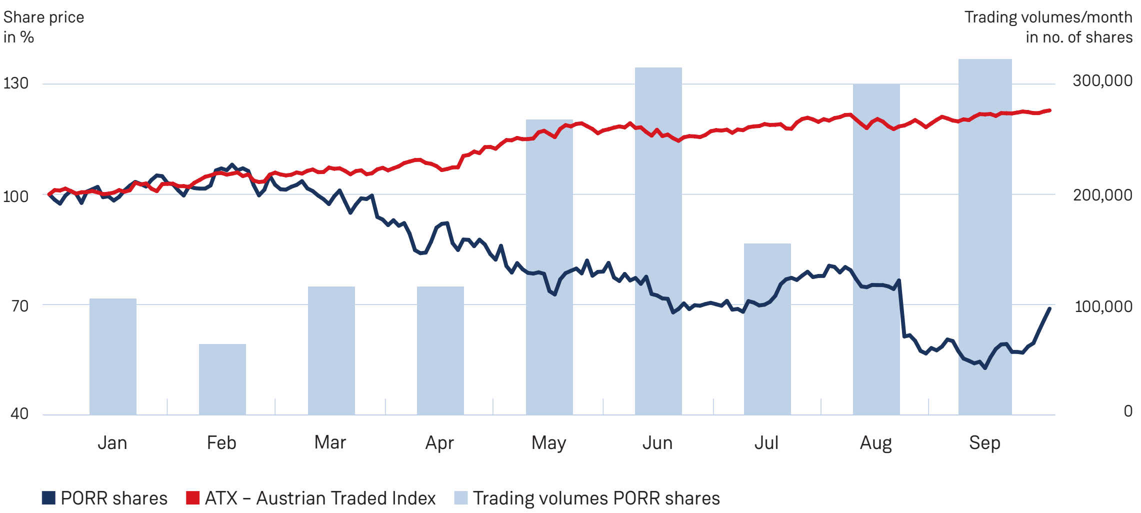
Broad international shareholder structure

The largest percentage of outstanding shares, totalling 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 these 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

Along with the change in the Executive Board, PORR will also reorganise the Investor Relations department. From 1 January 2018 Milena Ioveva will be Head of Strategy and Investor Relations, with a direct reporting line to the CEO. Ioveva's most recent post was as Head of Investor Relations at UBM Development AG. Prior to this, she was responsible for capital market relations at PORR during the long period of share growth. The PORR share is currently covered by six brokers: ERSTE Group, Berenberg Bank, Hauck & Aufhäuser, Raiffeisen Centrobank, Kepler Cheuvreux and SRC Research.

Share price and trading volumes of PORR shares in the first three quarters 2017 (index)



[1] Vienna Stock Exchange

Management Report

Economic Environment

Positive mood in Europe

Global economic growth continues to gain momentum, whereby the acceleration is being driven by industrial states as well as threshold and development countries. The International Monetary Fund (IMF) has maintained its forecast of GDP growth of 3.5% for 2017 and 3.6% for 2018.[1]

In the USA uncertainty surrounding the previously announced expansive fiscal policy led to a downward revision of the forecast for year-end 2017.[2] While the economy in the USA is already in a significantly advanced phase of economic growth, the positive trend is picking up in Europe. The rebound is spreading in terms of both region and sector. Compared to the previous period, eurozone GDP climbed by 0.6% in the third quarter;[3] the growth has now reached most European countries. Despite the appreciation in the value of the euro and the slight slowdown in third-country growth, the eurozone economy is likely to perform favourably again in 2018, due to the advantageous monetary and fiscal policy of the ECB.[4]

In several Eastern European countries the strong momentum of the first year continued and even accelerated – here the Czech Republic and Romania experienced especially dynamic growth. Domestic demand was the primary growth driver, whereby both consumer spending and investments underwent sharp increases.[5]

The Austrian economy is still on an upswing that started in the second half of 2016 and has multiple contributing factors. Favourable export growth is providing important impetus for domestic industry, which is additionally profiting from strong domestic demand. For the second half of 2017 the positive survey results point to a continuation of the strong industrial economy. In its economic indicator report of August, the OeNB forecast growth in real GDP of 0.7% for the third and 0.6% for the fourth quarter of 2017. In addition to goods manufacturing, which is sensitive to economic performance, growth is primarily driven by the construction industry, retail, and business-related services. The situation on the job market is also improving thanks to the powerful economic rebound in Austria. The employment increase that has taken hold in 2017 is set to maintain momentum in 2018.

Mixed signals in the construction industry

The European economic recovery is also boosting growth in the construction industry. Growth of 2.9% has been forecast for 2017 and 2.4% for 2018. The growth rates are particularly high in Eastern and South Eastern Europe. However, this positive performance requires a differentiated assessment as – in light of the financial crisis – it does not necessarily represent realistic growth on the construction markets. Some of the high growth rates in the aforementioned regions are starting out from historic lows in terms of absolute construction volumes. Most of the countries with production at or similar to pre-crisis levels – such as Austria, Germany but also Switzerland – are achieving average growth rates of maximum 2%.[8]

Production Output

The significant increase in output expected for the full year 2017 was reflected in the third-quarter figures. Production output reached EUR 3,343m, a rise of EUR 555m or 19.9%. In addition to organic growth, a particular reason for the increase was the new companies acquired. Around EUR 200m of the growth in Germany was generated by acquisitions. As the takeover of the Hinteregger Group only closed at the start of September, hardly any output from this acquisition has yet been booked.

As of 30 September the most important markets remained the five home markets – Austria, Germany, Switzerland, Poland and the Czech Republic. Around 86% of production output was generated on these markets. The most important market by some margin was once again Austria, which accounted for around 47% of production output. The share accounted for by Germany increased significantly, with the country now accounting for 24.7% of total output.

Broken down by segment, every operating unit achieved a double-digit percentage increase in output in the first three quarters of 2017. The strongest growth in percentage terms was generated by Business Unit 2 – Germany, because of the takeovers as well as organic growth with a focus on civil engineering. The growth in Business Unit 1 – A/CH/CZ was driven by the positive performance in Austria along with the sharp growth in large-scale building construction projects, in Vienna, and in industrial construction. In general, building construction underwent faster growth than civil engineering. Production output also rose sharply in almost every unit in Business Unit 3 – International with an increase of around 19%; the strongest growth was generated by the markets Poland and Qatar. Business Unit 4 – Environmental Engineering, Healthcare & Services profited from the strong capacity utilisation of PORR Umwelttechnik and ALU-SOMMER.

[1] OeNB KONJUNKTUR AKTUELL, September 2017
[2] ebenda
[3] Eurostat: press release Euro indicators, 14.11.2017
[4] WIFO Monthly report, 9/2017
[5] ÖNB KONJUNKTUR AKTUELL, September 2017
[6] WIFO Monthly report, 9/2017
[7] OeNB KONJUNKTUR AKTUELL, September 2017
[8] Press release by Euroconstruct http://www.euroconstruct.org/jart/prj3/wifo/main.jart?rel=euroconstruct_en&content-id=1496906589254&reserve-mode=active

Order Balance

Alongside production output, the order backlog and order intake both increased significantly. The order backlog reached EUR 5,808m, a rise of EUR 627m or 12.1%. The increase in the order intake was even more pronounced. This totalled EUR 4,347m, a year-on-year rise of EUR 957m or 28.2%. Around two-thirds of the growth in the order backlog came from the takeovers.

As of 30 September, the largest new order in 2017 was the major German industrial project for BMW in Freimann, Munich, which is being implemented in cooperation with the client to state-of-the-art BIM and Lean standards. Other large-scale orders included the new railway line LK 354 Poznań–Piła in Poland and a section of the U5 metro line in Frankfurt. In Poland the road project E30 Kędzierzyn–Opole was acquired, along with the D3 Čadcain in Slovakia. Particularly welcome in Norway were the three new projects acquired: the E18 Varodd Bridge, the E18 Rugtvedt–Dørdal and the Bekkelaget sewage plant project near Oslo. The largest new orders in Austria were the Mur power plant consortium Graz, the Leopold-Böhm-Straße residential complex in Vienna and the PPP Berresgasse educational campus. In Switzerland PORR acquired two additional building construction projects at Zurich Central Station.

Financial Performance

In the three quarters of 2017 it was possible to achieve a significant increase in revenue to EUR 3,015.1m, marking a 21.4% rise against the comparable period 2016. While the cost of materials and staff expense rose slightly faster than revenue (23.1%), other related production expenses increased by only 20.2%. The share of expenses related to the provision of services by the company's own staff thereby rose more sharply than that of subcontractor services. There was an overall increase of 2.1% in the percentage of revenue accounted for by the cost of materials and other related production services, while staff costs as a percentage of revenue declined slightly (1.8pp). This effect was exacerbated by the first-time inclusion in the consolidated group of civil engineering companies with high material costs. Furthermore, projects in Qatar led to unplanned expenses due to the difficult political situation. Other operating expenses of EUR 257.6m also underwent a disproportionately sharp increase (EUR 64.0m, i.e. up by 33.0% year-on-year). All of the cost items include expenses for Germany, where the rapid expanse in structures has not yet led to adequate output.

This development led to a decline in EBITDA of EUR 1.6m to EUR 110.8m. The increase in depreciation, amortisation and impairment in the first three quarters of 2017 (up by EUR 14.6m to EUR 77.7m) led to a reduction in EBIT to EUR 33.1m; it was thereby EUR 16.1m below the value of the previous year.

Financing costs of EUR 15.1m were EUR 1.4m or 8.3% below the level of the previous year (EUR 16.5m). At the same time, the higher interest income led to a rise in earnings from current and non-current financial assets of EUR 2.4m to EUR 10.4m, whereby the contribution to earnings from the financing items improved by EUR 3.7m. Overall, this led to a decline of EUR 12.4m in EBT, which totalled EUR 28.4m, and – with the steady tax rate of 24.8% (previous year: 24.7%) – to a EUR 9.3m decrease in the profit for the period of EUR 21.3m.

Financial Position and Cash Flows

At 30 September 2017 the Group's total assets amounted to EUR 2,820.9m and were thereby EUR 458.8m higher than on the comparable closing date, 31 December 2016.

Non-current assets increased in the first three quarters of 2017 (EUR +212.9m), primarily because of acquisitions and investments in financial assets, and current assets rose by a total of EUR 245.9m against 31 December 2016, as a result of the reduction in the high levels of cash and cash equivalents reported as of 31 December 2016 due to seasonal factors and acquisitions, and the simultaneous increase in trade receivables for revenue-related reasons. The impact of acquisitions on the balance sheet was enhanced in the third quarter by the purchase of the Hinteregger Group.

Equity at 30 September 2017 improved significantly against year-end 2016 due to the issue of a hybrid bond (EUR +123.8m). There was a contrasting effect from the dividend payout to shareholders and holders of mezzanine capital (EUR -35.5m). At 30 September 2017 equity totalled EUR 554.1m; the equity ratio improved to 19.6% compared to 18.7% at 31 December 2016.

In terms of liabilities, there was an increase in current liabilities in particular, with a rise of EUR 229.5m. This resulted from the expansion of business activities, which led to an increase in both trade payables (EUR +187.7m) and financial liabilities (EUR +49.3m) due to obtaining loans from banks. The advance payments received have declined (EUR -88.7m) as the result of progress made on construction projects. Non-current liabilities increased by EUR 116.2m to EUR 678.9m.

Net debt rose by EUR 553.8m to EUR 500.5m as of 30 September 2017 as a result of the reduction in cash and cash equivalents and acquiring financial liabilities (net cash position at 31 December 2016: EUR 53.3m).

The decrease of EUR -23.9m in operating cash flow, which totalled EUR 60.4m, mainly resulted from the lower earnings for the period in the first three quarters of 2017 as well as the higher, non-cash release of deferred tax provisions. This impact is, however, being broadly offset by allocations to current tax provisions in cash flow from operating activities.

Cash flow from operating activities of EUR -371.0m at the end of the first three quarters of 2017 was EUR -163.8m lower than the comparable period in 2016, as more funds were tied up in working capital at 30 September 2017 than on the comparable date of the previous year. Cash flow from investing activities totalled EUR -219.3m and was EUR 93.0m lower than in the same period of the previous year due to the higher cash outflows for acquiring subsidiaries, current financial investments and higher investment in property, plant and equipment.

Cash flow from financing activities showed the cash inflow from raising hybrid capital (EUR 123.4m) and taking out loans (EUR 165.9m), as well as the outflow from settling loans and borrowings (EUR -46.7m) and dividend payouts (EUR -35.5m).

At 30 September 2017 cash and cash equivalents totalled EUR 92.5m.

Investments

In the first nine months 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 being upheld.

Opportunity and Risk Management

Risk management focuses on the areas of project management, compliance, lending and borrowing management, procurement, currency and interest exchange management, as well as consistently monitoring risks related to markets and the general economy. The main priority of PORR's opportunity and risk management is to implement and monitor 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 organisation and personnel and the early warning system has been expanded.

Staff

In the first nine months of 2017 PORR employed 17,279 people on average – an increase of 2,338 people or 15.6%. This growth was significantly lower than the increase in output. In addition to the organic growth in Germany and Poland, the main reason for the growth was the acquisitions concluded.

Forecast

Today PORR is laying the foundations for a successful future. In operational terms this means an increase in output, driven both by organic growth and by the latest corporate acquisitions. Activities in Germany have been expanded exceptionally with the German specialist civil engineering company Franki Grundbau and the permanent business coverage provided by Heijmans Oevermann in the Münster region. These acquisitions will allow PORR to achieve its goal of developing the infrastructure market in Central and North Germany with its own qualified personnel.

In Austria the Hinteregger Group is an ideal complement to the business. With its expertise in the permanent civil engineering business and in special areas such as tunnelling, the Hinteregger Group is an exceptional fit for PORR's business in Austria and for complex infrastructure projects. Further acquisitions purely for expansion purposes are no longer in focus; however, opportunities that may arise to complement the Group's specialised knowhow will still be examined selectively.

In organisational terms, the year 2017 has been dedicated to integrating the new Group subsidiaries. In addition to this, PORR is positioning itself optimally for the future. Focal points here include the digitalisation offensive and our Roadmap 2020. These measures will play a part throughout the whole of 2018 and will determine the sustainable growth and increased earnings over the coming years.

For the full year 2017 the Executive Board expects earnings to fall somewhat below the level of the previous year despite the sharp increase in production output. The main factors behind this decrease – as already reported at the half-year mark – are weaker contributions to earnings in Germany and Qatar. Political turbulence in Qatar has led to an increase in costs because of more complex logistics and procurement processes, whereby all projects are progressing as planned. In Germany the rapid expansion to achieve complete coverage and the subsequent integration measures, as well as higher subcontractor costs, has led to an overall cost increase.

Segment Report

Business Unit 1 – Austria, Switzerland, Czech Republic

Key data

in EUR m	1–9/2017	1–9/2016	Change
Production output	1,710	1,529	11.8%
Order backlog	2,098	1,881	11.6%
Order intake	2,066	1,845	12.0%
Average staffing levels	7,719	7,520	2.6%

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.

BU 1 continues to grow and achieved a significant increase in production output once again as of 30 September. Output reached EUR 1,710m, a rise of EUR 181m or 11.8%. The growth was spread across almost every market and unit, with the Czech Republic being one of the few exceptions. The growth in orders was also pleasing: while the order backlog and order intake lagged behind the previous year at the end of the first six months, sharp increases were recorded in the third quarter – not lease because of the takeover of the Hinteregger Group. Despite the double-digit growth in production output, the order backlog also climbed to EUR 2,098m – an increase of EUR 217m or 11.6%. In addition, the order intake performed well and reached EUR 2,066m, a rise of EUR 221m or 12.0%.

For the full year 2017 BU 1 expects a confirmation of the growth course of the first nine months. In addition to organic growth, the takeover of the Hinteregger Group will have a significant impact on the figures in the fourth quarter. The strong credit standing of both public and private clients in Austria and Switzerland is the basis for PORR’s economic growth.

Business Unit 2 – Germany

Key data

in EUR m	1–9/2017	1–9/2016	Change
Production output	536	317	68.9%
Order backlog	1,077	786	37.0%
Order intake	952	414	> 100.0%
Average staffing levels	1,899	1,033	83.8%

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.

The year 2017 has been dominated by the acquisitions undertaken – particularly the pile-engineering specialist Franki Grundbau and the medium-sized company Heijmans Oevermann in Münster, as well as the niche provider BBGS. This was coupled with processing the high order backlog, which continued to expand over the past quarters. With the takeovers and orders acquired, BU 2 is realising its stated goal of sustainably expanding PORR’s market position in Germany. Against this backdrop, production output climbed to EUR 536m as of 30 September, an increase of EUR 219m or 68.9%. Despite this output growth, the order backlog and order intake also increased. The order backlog reached EUR 1,077m, a rise of EUR 291m or 37.0%. At the end of the reporting period the order intake totalled EUR 952m, representing a EUR 538m increase.

In the third quarter BU 2 reached the critical size needed for sustainable business growth in Germany. The focus in the coming months will be on the high-quality execution of existing projects and an ongoing improvement in the earnings situation. The successful integration of the companies acquired will strengthen future business activities and add value.

Business Unit 3 – International

Key data in EUR m	1–9/2017	1–9/2016	Change
Production output	911	768	18.7%
Order backlog	2,408	2,321	3.7%
Order intake	1,092	891	22.5%
Average staffing levels	5,034	4,024	25.1%

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 select 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.

BU 3 achieved double-digit growth in production output in the first nine months of 2017. Output reached EUR 911m, a significant rise of EUR 143m or 18.7%. With the exception of railway construction, this growth was spread across all units, whereby the increase in Poland was particularly pronounced. Output growth in Qatar was also significant – despite the political turbulence and consequent increase in the complexity of logistics and procurement processes. All of the projects in Qatar are progressing as planned. There was also a pleasing picture for BU 3 in terms of orders. The order backlog totalled EUR 2,408m, an increase of EUR 87m or 3.7%. The order intake rose to EUR 1,092m, a gain of EUR 201m or 22.5%. The number of staff increased significantly as planned due to progress made on projects in Qatar.

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. Nevertheless, the cushion of orders has been further expanded and is significantly higher than a year's production output. 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	1–9/2017	1–9/2016	Change
Production output	163	137	19.9%
Order backlog	124	141	-12.7%
Order intake	171	197	-13.4%
Average staffing levels	1,460	1,306	11.8%

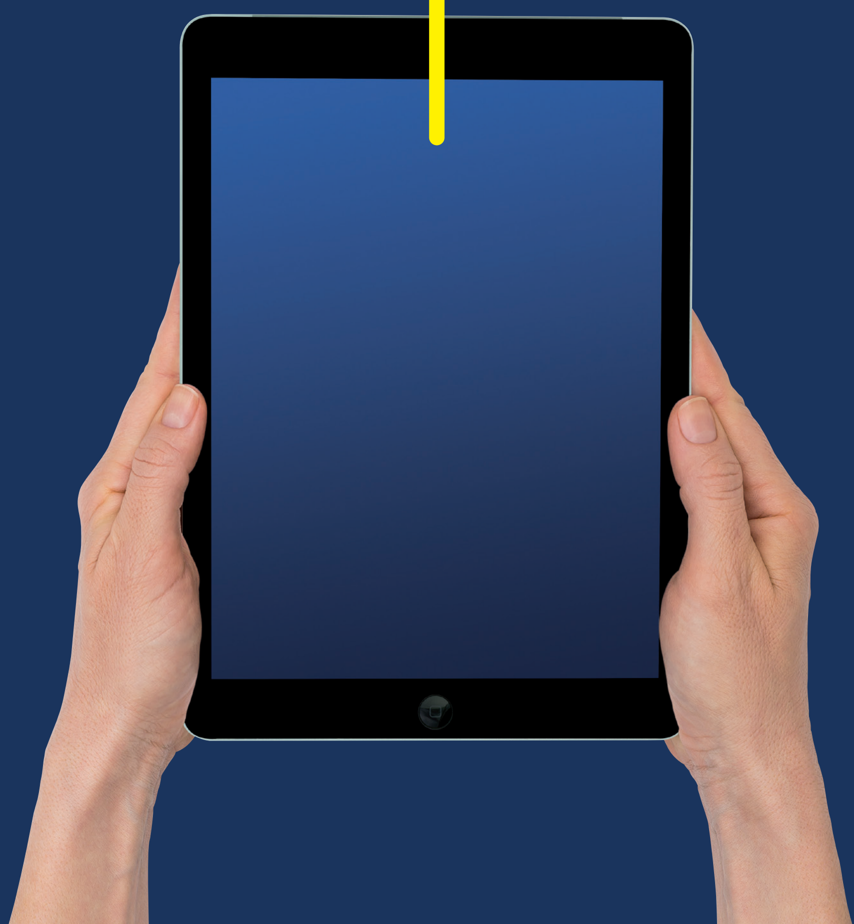
Business Unit 4 – Environmental Engineering, Healthcare & Services (BU 4) complements PORR's construction portfolio with its competency in niche areas, thereby extending the value chain across the entire life cycle of a structure. In addition to PORR Umwelttechnik GmbH, BU 4 is home to the equity interests Prajo, TKDZ and PWW, hospitals, PORREAL and Strauss-Property-Management, Thorn and ALU-SOMMER, as well as activities related to PPP.

The performance of BU 4 was also pleasing in the first nine months, achieving a significant increase in production output. As of 30 September the segment generated production output of EUR 163m, representing an increase of EUR 26m or 19.9% against the same period of the previous year. The growth was divided across almost every sector of BU 4. In contrast, the order backlog and order intake were below the level of 2016. The project-driven business of the 'hospitals' unit and the acquisition of several healthcare projects in Austria led to a sharp one-off effect in the previous year. PORR Umwelttechnik managed to increase its order backlog significantly. The total order backlog stood at EUR 124m, a decline of EUR 17m or 12.7%. The order intake decreased to EUR 171m and was down by EUR 26m or 13.4%.

The performance of BU 4 with its expertise in niche areas has proven to be highly satisfactory overall. Niches such as environmental engineering, project development or additional services like facades or sewage technology will continue to be expanded consistently in order to be able to exploit opportunities, particularly in the design-build and general contractor sector.

... 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 30 September 2017

Consolidated Income Statement

in EUR thousand	1–9/2017	1–9/2016	7–9/2017	7–9/2016
Revenue	3,015,093	2,483,719	1,243,878	974,476
Own work capitalised in non-current assets	3,283	557	1,904	225
Share of profit/loss of companies accounted for under the equity method	31,298	30,571	12,680	11,430
Other operating income	110,805	86,750	33,718	27,786
Cost of materials and other related production services	-2,043,002	-1,632,036	-859,365	-665,466
Staff expense	-749,039	-663,529	-281,408	-245,856
Other operating expenses	-257,610	-193,637	-97,512	-58,089
EBITDA	**110,828**	**112,395**	**53,895**	**44,506**
Depreciation, amortisation and impairment expense	-77,737	-63,174	-29,220	-23,473
EBIT	**33,091**	**49,221**	**24,675**	**21,033**
Income from financial investments and other current financial assets	10,446	8,053	3,445	3,319
Finance costs	-15,148	-16,524	-3,701	-5,025
EBT	**28,389**	**40,750**	**24,419**	**19,327**
Income tax expense	-7,049	-10,084	-6,030	-4,927
Profit for the period, total	**21,340**	**30,666**	**18,389**	**14,400**
of which attributable to shareholders of the parent	18,977	28,383	17,416	13,322
of which attributable to holders of profit-participation rights	1,998	1,998	666	666
of which attributable to non-controlling interests	365	285	307	412
Basic (diluted) earnings per share, total (in EUR)	**0.66**	**0.99**	**0.61**	**0.46**

Consolidated Statement of Comprehensive Income

in EUR thousand	1–9/2017	1–9/2016	7–9/2017	7–9/2016
Profit for the period	**21,340**	**30,666**	**18,389**	**14,400**
Other comprehensive income:				
Gains/losses from revaluation of property, plant and equipment	-	-	454	-
Remeasurement from defined benefit obligations	4,669	-11,103	9	-
Income tax expense (income) on other comprehensive income	-1,162	2,863	-2	-
Other comprehensive income which cannot be reclassified to profit or loss (non-recyclable)	**3,507**	**-8,240**	**461**	**-**
Exchange differences	-2,692	-456	-2,240	980
Gains/losses from fair value measurement of securities	764	762	865	887
Gains/losses from cash flow hedges				
in the year under review	29	-620	-145	193
reclassified into profit or loss	-	-	-	-
Income tax expense (income) on other comprehensive income	-198	-36	-180	-270
Other comprehensive income which can subsequently be reclassified to profit or loss (recyclable)	**-2,097**	**-350**	**-1,700**	**1,790**
Other comprehensive income	**1,410**	**-8,590**	**-1,239**	**1,790**
Total comprehensive income	**22,750**	**22,076**	**17,150**	**16,190**
of which attributable to non-controlling interests	340	297	393	427
Share attributable to shareholders of the parent and holders of profit-participation rights	**22,410**	**21,779**	**16,757**	**15,763**
of which attributable to holders of profit-participation rights	1,998	1,998	666	666
Share attributable to shareholders of the parent	**20,412**	**19,781**	**16,091**	**15,097**

Consolidated Statement of Financial Position

in EUR thousand	30.9.2017	31.12.2016
Assets		
Non-current assets		
Intangible assets	147,385	62,597
Property, plant and equipment	596,144	522,709
Investment property	73,454	43,453
Shareholdings in companies accounted for under the equity method	54,161	43,286
Loans	24,461	23,157
Other financial assets	92,769	89,912
Other non-current financial assets	9,626	7,638
Deferred tax assets	16,142	8,528
	1,014,142	**801,280**
Current assets		
Inventories	88,657	73,274
Trade receivables	1,431,321	930,029
Other financial assets	173,589	70,999
Other receivables and current assets	20,519	6,019
Cash and cash equivalents	92,497	476,430
Assets held for sale	132	4,024
	1,806,715	**1,560,775**
Total assets	**2,820,857**	**2,362,055**

Equity and liabilities		
Equity		
Share capital	29,095	29,095
Capital reserves	251,287	251,287
Hybrid capital	154,865	25,303
Other reserves	72,973	89,335
Equity attributable to shareholders of parent	**508,220**	**395,020**
Equity from profit-participation rights	41,958	42,624
Non-controlling interests	3,882	3,228
	554,060	**440,872**
Non-current liabilities		
Bonds and Schuldscheindarlehen	301,136	300,662
Provisions	147,562	134,455
Non-current financial liabilities	198,587	78,463
Other non-current financial liabilities	5,796	3,176
Deferred tax liabilities	25,775	45,947
	678,856	**562,703**
Current liabilities		
Provisions	123,297	120,058
Current financial liabilities	93,316	43,993
Trade payables	973,377	785,630
Other current financial liabilities	29,989	19,232
Other current liabilities	313,838	368,933
Tax payables	54,124	20,634
	1,587,941	**1,358,480**
Total equity and liabilities	**2,820,857**	**2,362,055**

Consolidated Cash Flow Statement

in EUR thousand	1–9/2017	1–9/2016
Profit for the period	21,340	30,666
Depreciation, amortisation, impairment and reversals of impairment on fixed assets and financial assets	79,049	63,797
Interest income/expense	4,436	8,200
Income from companies accounted for under the equity method	-11,570	-5,947
Dividends from companies accounted for under the equity method	1,976	1,905
Losses/profits from the disposal of fixed assets	-10,186	-10,036
Decrease in long-term provisions	-665	-1,392
Deferred income tax	-24,000	-2,890
Operating cash flow	**60,380**	**84,303**
Decrease/increase in short-term provisions	-28,073	4,618
Increase in tax provisions	28,873	11,133
Increase in inventories	-8,649	-15,268
Increase in receivables	-462,914	-264,061
Increase/decrease in payables (excluding banks)	39,831	-31,009
Interest received	10,994	9,517
Interest paid	-8,736	-6,964
Other non-cash transactions	-2,736	536
Cash flow from operating activities	**-371,030**	**-207,195**
Proceeds from the disposal of intangible assets	28	62
Proceeds from sale of property, plant and equipment and disposal of investment property	36,707	20,108
Proceeds from sale of financial assets	120	426
Proceeds from repayment of loans	121	125
Investments in intangible assets	-5,850	-1,305
Investments in property, plant and equipment and investment property	-116,970	-83,458
Investments in financial assets	-370	-13,274
Investments in loans	-556	-22,078
Payouts for financial investments	-45,000	-24,832
Proceeds from the sale of consolidated companies	-	468
Payouts for the purchase of subsidiaries less cash and cash equ.	-87,543	-2,566
Cash flow from investing activities	**-219,313**	**-126,324**
Dividends	-34,430	-45,949
Payouts to non-controlling interests	-1,020	-354
Proceeds from scrip dividend	-	10,230
Proceeds from hybrid capital	123,412	-
Proceeds from Schuldscheindarlehen	-	14,500
Repayment of loans	-	-3,122
Obtaining loans and other financing	165,915	19,628
Repayment of loans and other financing	-46,714	-47,359
Cash flow from financing activities	**207,163**	**-52,426**
Cash flow from operating activities	**-371,030**	**-207,195**
Cash flow from investing activities	**-219,313**	**-126,324**
Cash flow from financing activities	**207,163**	**-52,426**
Change to cash and cash equivalents	**-383,180**	**-385,945**
Cash and cash equivalents at 1 Jan	476,430	647,243
Currency translation differences	-753	-339
Cash and cash equivalents at 30 September	**92,497**	**260,959**
Taxes paid	2,090	1,650

Statement of Changes in Group Equity

in EUR thousand	Share capital	Capital reserves	Revaluation reserve	Remeasurement from defined benefit obligations	Currency translation reserve
Balance at 1 January 2016	**29,095**	**249,014**	**13,417**	**-25,540**	**3,190**
Total profit/loss for the period	-	-	-	-	-
Other comprehensive income	-	-	-443	-8,240	-754
Total comprehensive income	**-**	**-**	**-443**	**-8,240**	**-754**
Dividend payout	-	-	-	-	-
Proceeds from dividend-in-kind treasury shares	-	-	-	-	-
Income tax on interest for holders of hybrid/ mezzanine capital	-	-	-	-	-
Changes to the consolidated group/ acquisition of non-controlling interests	-	-	-	-	-
Balance at 30 September 2016	**29,095**	**249,014**	**12,974**	**-33,780**	**2,436**
Balance at 1 January 2017	**29,095**	**251,287**	**12,767**	**-30,767**	**2,156**
Total profit/loss for the period	-	-	-	-	-
Other comprehensive income	-	-	-341	3,505	-2,070
Total comprehensive income	**-**	**-**	**-341**	**3,505**	**-2,070**
Dividend payout	-	-	-	-	-
Hybrid capital	-	-	-	-	-
Income tax on interest for holders of hybrid/ mezzanine capital	-	-	-	-	-
Changes to the consolidated group/ acquisition of non-controlling interests	-	-	-	-	-
Balance at 30 September 2017	**29,095**	**251,287**	**12,426**	**-27,262**	**86**

Available-for-sale securities reserve: 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**
-	-	1,266	27,117	**28,383**	1,998	285	**30,666**
571	-465	-	729	**-8,602**	-	12	**-8,590**
571	**-465**	**1,266**	**27,846**	**19,781**	**1,998**	**297**	**22,076**
-	-	-	-42,749	**-42,749**	-3,200	-354	**-46,303**
-	-	-	10,230	**10,230**	-	-	**10,230**
-	-	-	816	**816**	-	-	**816**
-	-	-	142	**142**	-	-63	**79**
-74	**-1,271**	**26,569**	**72,365**	**357,328**	**41,958**	**-270**	**399,016**
-272	**-655**	**25,303**	**106,106**	**395,020**	**42,624**	**3,228**	**440,872**
-	-	5,753	13,224	**18,977**	1,998	365	**21,340**
573	22	-	-254	**1,435**	-	-25	**1,410**
573	**22**	**5,753**	**12,970**	**20,412**	**1,998**	**340**	**22,750**
-	-	-	-31,766	**-31,766**	-2,664	-1,020	**-35,450**
-	-	123,809	-	**123,809**	-	-	**123,809**
-	-	-	500	**500**	-	-	**500**
-	-	-	245	**245**	-	1,334	**1,579**
301	**-633**	**154,865**	**88,055**	**508,220**	**41,958**	**3,882**	**554,060**

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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

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