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Key Data

in EUR m	1-6/2018	1-6/2017	Change ²
Operating data			
Production output ¹	2,458	2,015	22.0%
Foreign share	59.9%	54.6%	5.3PP
Order backlog	6,530	5,700	14.6%
Order intake	2,621	2,911	-9.9%
Staffing level (average)	18,428	16,589	11.1%

	1-6/2018	1-6/2017	Change ²
Earnings indicators			
Revenue	2,223.2	1,771.2	25.5%
EBITDA	72.4	56.9	27.2%
EBIT	14.7	8.4	74.1%
EBT	6.6	4.0	66.4%
Profit for the period	5.6	2.9	88.4%

	30.6.2018	31.12.2017	Change ²
Financial position indicators			
Total assets	2,997	2,885	3.9%
Equity (incl. non-controlling interests)	559	597	-6.4%
Equity ratio	18.6%	20.7%	-2.1PP
Net debt	-414	-147	180.6%

	1-6/2018	1-6/2017	Change ²
Cash flow and investments			
Cash flow from operating activities	-181	-339	-46.6%
Cash flow from investing activities	-18	-168	-89.6%
Cash flow from financing activities	-34	172	-120.0%
CAPEX ³	75	68	10.4%
Depreciation/amortisation/impairment	-58	-49	19.1%

	1-6/2018	1-6/2017	Change ²
Key data regarding shares			
Number of shares (weighted average)	29,095,000	29,095,000	-
Market capitalisation as of 30.6. (in EUR m)	837.9	803.9	4.2%

¹ The production output corresponds to the output of all companies and consortiums (fully consolidated, equity method, proportional or those of minor significance) in line with the interest held by PORR AG.

² The figures have been rounded off using the compensated summation method. Relative changes are derived from the non-rounded values.

³ Investments in property, plant and equipment and intangible assets

H1 at a glance

- Strong growth driven by large-scale projects – production output climbs by 22%
- Solid EBT – up by 66% to EUR 6.6m
- Order backlog of EUR 6.5 bn (+14.6%)
- Seasonal net debt of EUR 413.8m
- Realignment in Germany successfully implemented
- Guidance for 2018 confirmed

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Dear shareholders,

in everything we do we want to surpass ourselves and to grow . together – this spurs us on to become even better than before and think even further ahead. We are doing it our way and we want to build the future today. That is something we are very good at. Together with a strong forward-looking team, with motivated colleagues who work together and who are headed in the same direction. One thing is certain, **growing . together** is something we want to and will achieve.

For us **growing . together** means bringing together existing units and newly acquired companies even more closely. This shoulder-to-shoulder alliance yields invaluable synergies. It not only expands our spectrum – in terms of both region and output – but also secures our future in entrepreneurial terms.

growing . together also forms the DNA we show to the outside world. Strong team spirit and embracing diversity is a cornerstone of our philosophy and is evident in every PORR project. Ultimately, we are all connected by our passion for construction and the way we identify with our company. This is a powerful factor on the market and makes us a reliable partner for customers, suppliers, employees and investors.

In the first half of 2018 PORR continued the positive momentum of 2017 and further expanded its market position. Our EBT totalled EUR 6.6m, marking an improvement of around 66% against last year. The order backlog stood at EUR 6,530m – an exceptional basis to only take on new projects very selectively. We increased production output to EUR 2,458m, representing a plus of 22% in a challenging environment. We are continuing to strive for well-balanced growth – the order intake of EUR 2,621m is almost 10% below the level of the previous year. The clear focus on operational excellence and consolidation remains in place unchanged. All of this also reflects our corporate value. Our markets offer clear growth prospects. PORR is well positioned to exploit this potential and to shape the future.

Vienna, August 2018

The Executive Board

A handwritten signature in black ink, appearing to read 'A. Sauer'.

Andreas Sauer
Executive Board Member

A handwritten signature in black ink, appearing to read 'Karl-Heinz Strauss'.

Karl-Heinz Strauss
Chief Executive Officer

A handwritten signature in black ink, appearing to read 'J. Johannes Wenkenbach'.

J. Johannes Wenkenbach
Executive Board Member

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PORR on the Stock Exchange

Volatile first half year

In the first half of 2018 the political uncertainty in the USA and in Europe had a tangible impact on the volatility of the international financial markets. After significant price losses in the first quarter, both European and US shares were once again in the black in April. Sustained bright economic prospects played a key part in this development.

Concerns about Italy and the stability of the eurozone increased in May and in June. An interest rate rise by the US Federal Reserve put additional pressure on the markets. While the USA benefited from a strong reporting season and remained relatively stable, European stock exchanges in particular had to accept losses in the first half of the year.

In the USA the leading Dow Jones index closed down with a moderate loss of 1.8% for the first six months of 2018. To put this into context, the leading eurozone index EURO STOXX 50 lost 3.1% of its value and in Germany the DAX closed the first half of 2018 down by as much as 4.7%. On the Vienna Stock Exchange sharp price corrections around the end of the second quarter interrupted the upward trend. Austria's leading

ATX index ended the first half year down by 4.8% against year-end 2017.

PORR share outperforms ATX

Over the course of the year the PORR share has outperformed the market. In the first quarter – mirroring the development of the European capital markets – the PORR share reached its year low of EUR 26.00 on 6 February 2018. It then picked up and hit its year high of EUR 34.50 in May, following the publication of the 2017 Annual Report. On 29 June 2018 the share closed the first half at EUR 28.80. Achieving a price increase of 3.4%, the PORR share significantly outperformed the ATX, which decreased over the same period. At the end of the first half, PORR's market capitalisation stood at EUR 837.9m.

International investor base

The syndicate (Strauss Group, IGO-Ortner Group) holds the largest percentage of outstanding shares, totalling 53.7%. The latest analysis shows that the free float of 46.3% is primarily split among Austria (30.2%) and the UK (15.3%). In addition, US investors held 12.0%, with 11.4% of the free-float shares held by investors in Germany.

Share price and trading volumes of the PORR share in the first half of 2018 (Index)

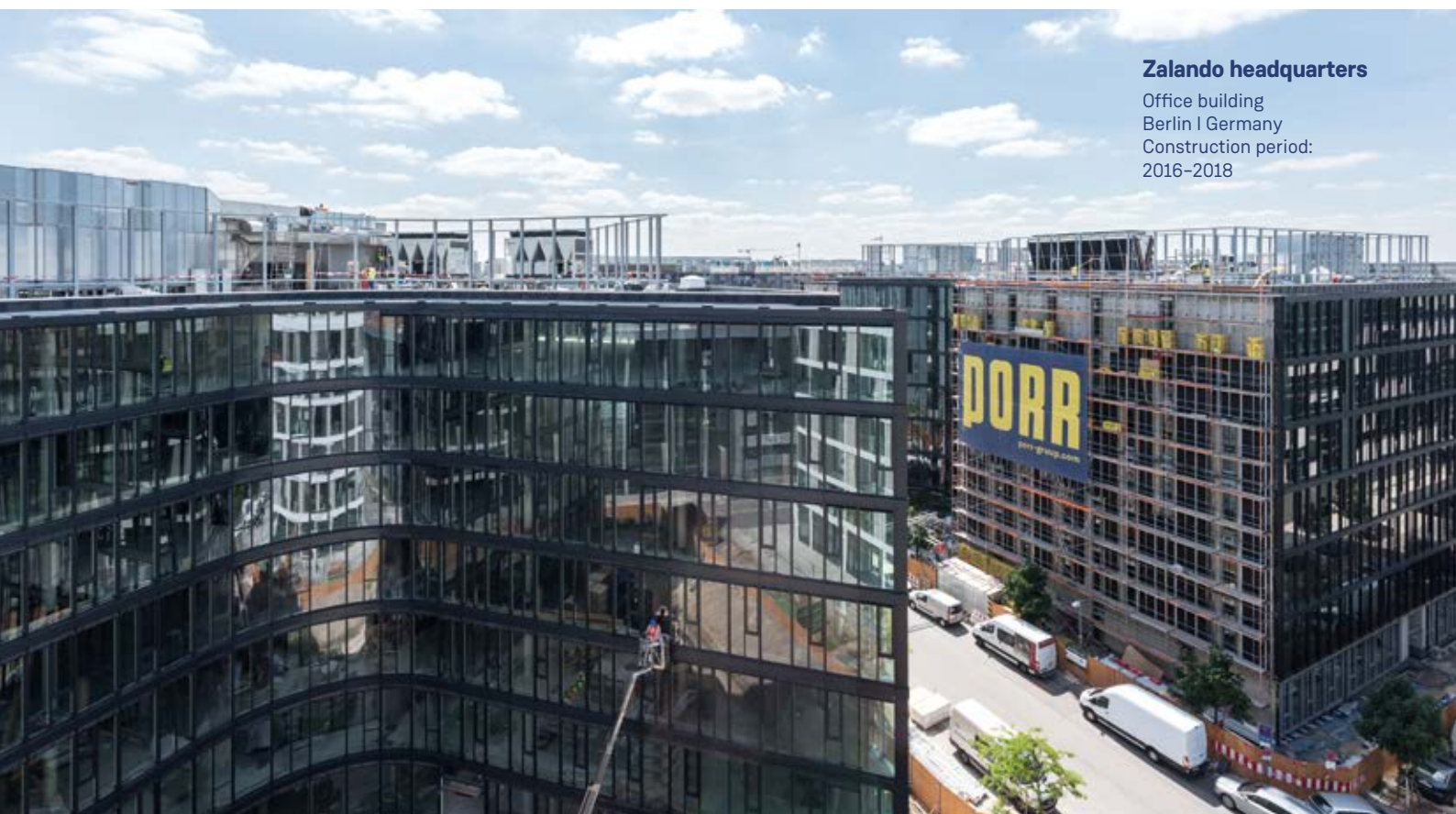


Project Highlights

PEMA II

Building construction
Innsbruck | Austria
Formwork installed: 60,000m²
Construction period: 2016–2018





Austrian Parliament

General refurbishment and
extension of the heritage-
protected building
Vienna | Austria
Construction period: 2018–2021



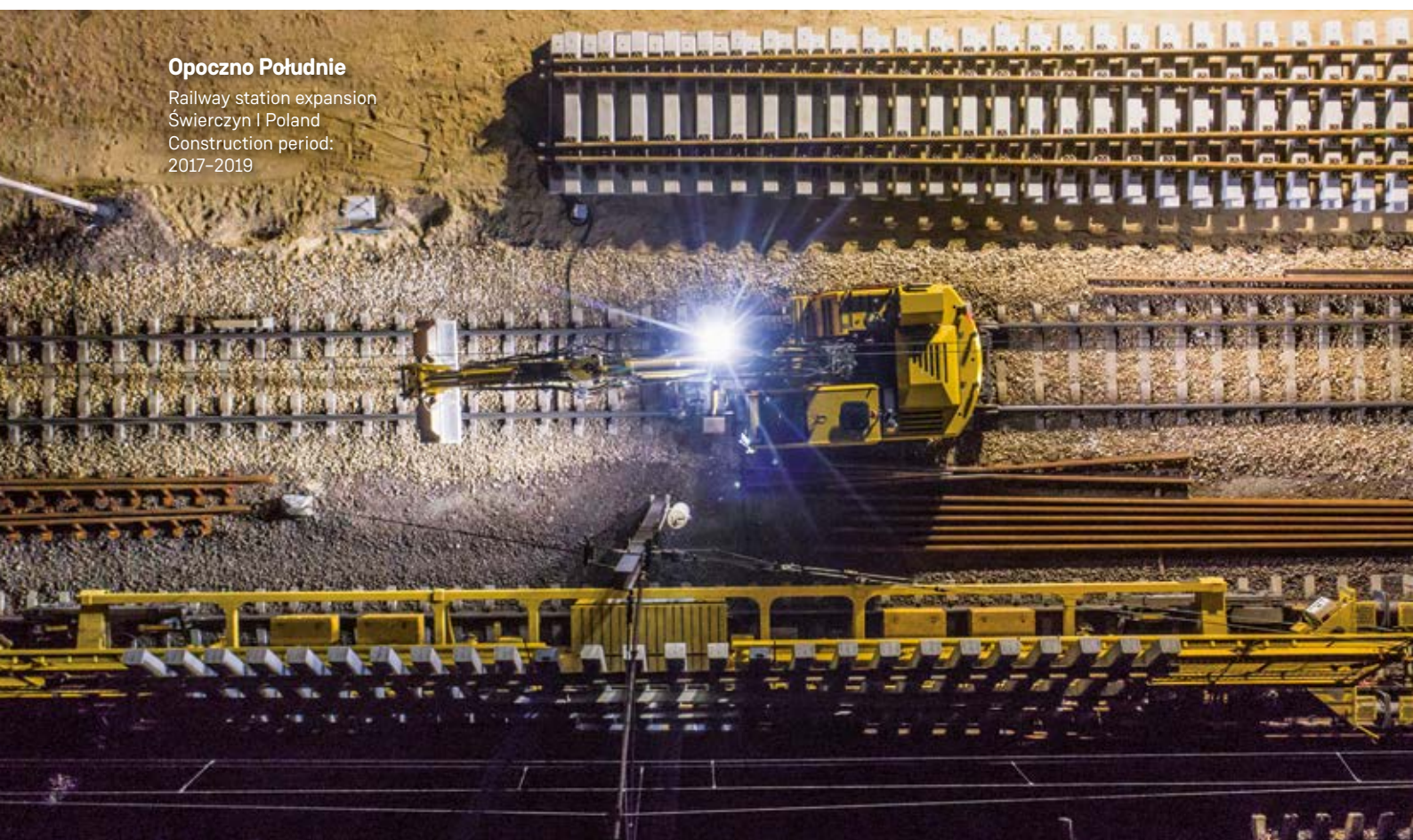
Futura Campus

Residential and hotel
Hamburg | Germany
220 hotel rooms and
22 freehold flats
Construction period:
2016–2018



Deep Tunnel Stormwater System

Tunnelling
Dubai | UAE
Length: 10.4km



Opoczno Południe

Railway station expansion
Świerczyn | Poland
Construction period:
2017-2019

Farris Bridge

Bridge construction
Lavrik I Norway
Concrete used: 42,000m³
Construction period: 2014–2017



Distribution warehouse Budweiser Brewery

Industrial construction
Budweis I Czech Republic
Construction period:
2016–2018





E18 Rugtvedt-Dørdal

Road construction
Rugtvedt-Dørdal | Norway
Total length: 18km
Construction period: 2017-2019

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Management Report

Economic Environment

The global economy had a weaker than expected start to 2018. While the International Monetary Fund (IMF) did confirm its forecast of 3.9% growth for both 2018 and 2019, it nevertheless warned of possible risks related to the trade dispute between the USA and China as well as of an economic slowdown.

In the second quarter of 2018 the US economy experienced a powerful upswing; it also recorded the strongest growth since 2014 at an annualised rate of 4.1%, with tax cuts, consumer spending and a sharp rise in exports serving as the main contributors. The US Federal Reserve once again increased the interest rate to a target range of 1.75% to 2.00%.

This contrasted with the picture in Europe, with growth in the eurozone slowing in the second quarter of 2018. GDP rose by just 0.3% compared to the preceding quarter, the weakest growth rate since the second quarter of 2016. This led the IMF to a slight downward revision of its eurozone GDP forecast for 2018, reducing it to 2.2%. The European Central Bank continued its expansive monetary policy, although it did announce a gradual withdrawal from its bond-buying programme. Most recently the trade conflict with the USA and higher oil prices concerned both companies and consumers.

The German economy maintained its momentum in the second quarter, even if it was unable to repeat the high levels of the previous year. GDP was up by 0.5% on the preceding period. The IMF increased its forecast for 2018 to 2.5%, although it described medium-term growth prospects as subdued.

The economic boom in Austria continued apace. GDP rose by 0.7% in the second quarter of 2018 against the preceding period. On an annual basis, the IMF expects a plus of 2.6%, while Austria's central bank, the OeNB, pushed its forecast to as much as 3.1%. This means that the momentum of the preceding quarters is continuing with a slight decline in pace. The growth continues from a broad base – with impetus coming from markets both at home and abroad. While growth in consumption accelerated slightly against the second half of 2017, growth in exports underwent a marginal decrease over the course of the year.

Developments in the Construction Industry

While the construction industry in Europe still finds itself in a growth phase, it has nonetheless experienced a slight loss of momentum. Euroconstruct has forecast growth of 2.7% for 2018 with a cumulative increase of 6.0% by 2020.

This performance is mostly due to the high levels of capacity utilisation in the construction sector, the price rises in the property industry and the civil engineering investments in Europe.

In building construction, experts expect less pronounced growth rates with new housing construction remaining the key driver. In contrast, civil engineering is set to gain momentum rapidly in 2018 and 2019, whereby annual growth of around 4.5% is forecast for each of these years. This development is supported by comprehensive investment in traffic and transport construction as well as railway engineering.

The Euroconstruct experts forecast construction output in Austria to rise by 1.6% in 2018.¹ The strongest driver here is residential construction, which also remains a pillar of the domestic economy. A slower increase of 0.8% has been predicted for Germany. A shortage of skilled labour combined with high construction costs has dampened expectations. Eastern Europe is set to undergo above-average growth at 10.4%, while estimates for Poland and the Czech Republic are at around 10.0% and 5.0% respectively. An important factor here is the planned investments by the EU Cohesion Fund.

Production Output

In the second quarter of 2018 PORR managed to build on the year's positive start and increased production output to EUR 2,458m by the end of the first half. This represents a rise of 22.0% or EUR 443m against the previous year. The main factor behind this development was the growth in Germany – both in industrial engineering and in transport and traffic construction by PORR Oevermann. Another major part of the growth in output came from the home markets Austria and Poland. Overall, every business unit contributed to the increase in production output.

BU 1 – Austria, Switzerland, Czech Republic generated production output of EUR 1,144m, an increase of 17.6%. The strongest growth in Austria at Group-level came from the branch offices in Vienna, Salzburg and Upper Austria. The primary drivers of this upward trend were the numerous large-scale projects in building construction. Switzerland remained steady, while the Czech Republic experienced a sharp rise.

With output of EUR 427m, BU 2 – Germany achieved an increase of 14.4%. Industrial engineering as well as transport and traffic construction underwent the most rapid rises in the first half of 2018 – already starting out from a very high level – boosted by the acquisitions concluded in the previous year.

¹ <https://www.wko.at/branchen/gewerbe-handwerk/bau/Konjunktur-Statistik.html>

BU 3 – International generated production output of EUR 748m. The 36.2% growth rate was primarily caused by Poland, Romania and the Tunnelling sector.

BU 4 – Environmental Engineering, Healthcare & Services managed to achieve a growth rate of 7.1%, leading to production output of EUR 112m. PORR Umwelttechnik contributed a large part of this.

While around 40% of total production output was attributable to Austria, Germany generated around 30% followed by Poland with a share of just over 11%. Switzerland and the Czech Republic each contributed about 3% to the Group's total output. Overall, the home markets were responsible for around 87% of total output.

Order Balance

The order backlog again set a new record. In the first half of 2018 it stood at EUR 6,530m and was thereby up by 14.6% against the previous year's figure. Similar to the first quarter of 2018, the order intake in the first six months totalled EUR 2,621m and was almost 10.0% below the level of the previous year. This decrease is due to a more selective and disciplined approach to acquiring projects.

PORR won the largest individual new order in the first half of the year in Germany – the FAIR accelerator complex in Darmstadt. This was accompanied by major projects in residential construction. In industrial construction PORR was charged with the new capacity upgrade of the semiconductor factory for BOSCH in Dresden and with building the production plant for DeBeukelaer/Griessson in Kahla. In traffic and transport construction in Poland PORR acquired two major construction phases: the S6 expressway Bożepole-Luzino and the bypass for Nowe Miasto Lubawskie. In Austria the road construction orders such as the A2-Südbahn near Grimmenstein and the extension of the S3 between Hollabrunn and Guntersdorf were among the largest tenders in the first six months together with the renovation of the parliament building. On top of this, numerous office and residential construction projects were acquired. Furthermore, after the end of the reporting period, the PORR consortium was awarded the largest tunnelling tender in the history of Austria – the Brenner Base Tunnel. The lot has a length of around 18km corresponding to a proportionate order value of EUR 483m.

Financial Performance

In the first half of 2018 the Group achieved a significant increase in revenue to EUR 2,223.2m. This corresponds to revenue growth of 25.5% or EUR 452.0m against the same period of the previous year. Total costs for materials and staff rose more slowly than revenue at a rate of 24.5%. Expenses for purchased services also saw a disproportionately low rise of 24.4% against the previous year. Overall, the share of revenue accounted for by expenses for materials and purchased production services climbed by 0.6%.

The most significant proportionate improvements in the spending structure related to staff expense; while this was EUR 88.4m higher than the previous year in absolute terms at EUR 556.0m, the share of revenue it accounted for fell by 1.4PP to 25.0%. This proportionate reduction in expenses led to EBITDA that was EUR 15.5m higher and totalled EUR 72.4m (+27.2% against the comparable period of the previous year). Despite the increase in depreciation, amortisation and impairment (EUR +9.2m to EUR 57.8m), EBIT rose to EUR 14.7m in the first half of 2018 and was thereby EUR 6.2m or 74.1% higher than in the first half of 2017.

Financing expenses totalled EUR 12.9m and were thereby slightly (EUR +1.4m) higher than in the first half of 2017 (EUR 11.4m). Lower interest income, predominantly because of the repayment of a financial investment, led to a EUR 2.2m decrease in the income from financial assets to EUR 4.8m. Overall, the financial result decreased by EUR 3.6m to EUR -8.0m. Despite this development, it was possible to achieve a EUR 2.6m improvement in EBT, which totalled EUR 6.6m.

Financial Position and Cash Flows

At 30 June 2018 the Group's total assets stood at EUR 2,997.3m and thereby increased by EUR 112.5m against the comparable closing date, 31 December 2017.

Non-current assets rose primarily as a result of ongoing investments in property, plant and equipment (EUR +18.6m) as well as through an acquisition in an equity interest, whereby the value of the interests held in companies accounted for under the equity method was EUR 16.8m higher than at 31 December 2017. The repayment of a financial investment (UBM mezzanine capital) of EUR 51.3m from the item other financial assets led to a corresponding reduction in this asset. Current assets rose by a total of EUR 120.0m due to the seasonally required decrease in the high liquidity from 31 December 2017 and the contrasting growth in trade receivables, necessitated by the increase in revenue and the expansion of business activities.

Equity decreased in the first half year because of the dividend payout to shareholders and holders of mezzanine capital (EUR -41.9m), as well as a limited impact from the first-time application of IFRS 15 (EUR -2.6m). At 30 June 2018 the equity ratio was 18.6%.

While non-current liabilities remained broadly unchanged at EUR 594.9m (+EUR 7.9m against year-end 2017), current liabilities climbed by EUR 142.8m due to the expansion of business activities. The largest individual item in current liabilities was trade payables, which rose by EUR 114.4m to EUR 1,146.5m.

Net debt increased by EUR 266.3m as the result of the expansion in business activities and seasonal factors to stand at EUR 413.8m (31 December 2017: EUR 147.4m).

The EUR 22.2m higher operating cash flow totalling EUR 50.2m mainly resulted from the higher profit for the period in the first half of 2018 as well as the higher non-cash items in net interest income and the share of profit/loss of companies accounted for under the equity method.

Cash flow from operating activities outperformed the same period of the previous year and totalled EUR -181.0m, making it EUR 157.7m higher than in the same period in 2017. This improvement resulted both from the higher operating cash flow as well as the increase in liabilities as of 30 June 2018, primarily because of the rise in trade payables.

In addition there was a significant improvement in cash flow from investing activities, which amounted to EUR -17.5m in the first half of 2018 (previous year: EUR -167.8m). The cash flow for the first half of 2017 was heavily influenced by one-off effects due to higher cash outflows for acquiring subsidiaries and for short-term financial investments. Furthermore, the repayment of the UBM mezzanine capital totalling EUR 50m had a positive impact in the first half of 2018.

The cash flow from financing activities shows the inflows from obtaining credit financing (EUR +189.7m) and the outflows from repaying loans and borrowings (EUR -182.2m) and dividend payouts (EUR -41.9m). Cash and cash equivalents amounted to EUR 122.1m at 30 June 2018 (previous year: EUR 143.9m).

Investments

In the first half of 2018 no significant investments were made in tangible assets aside from the usual high investments to replace machinery and construction site equipment and to 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, procurement, personnel, currency and interest rate management, as well as the consistent monitoring of risks related to markets and the general economy. The main task of the PORR Group's opportunity and risk management is to implement and monitor processes in order to identify opportunities and risks early, so that the requisite countermeasures can be taken swiftly.

Since the 2017 Annual Report there have been no significant changes to the Group's opportunity and risk profile that would result in new or amended risks for PORR. The description in the "Risk Report" of the 2017 Annual Report thereby remains valid.

Staff

In the first half of 2018 PORR employed 18,428 staff members on average – an increase of 1,839 people or 11.1%. This rise was primarily caused by the acquisition of multiple

companies in the previous year. The high order backlog and increases in production output across every business unit also contributed to this development.

PORR proactively promotes sustainable HR development. One of its stated goals is to recruit qualified and motivated employees, nurture them and retain them in the company long-term. With the "PORR Academy", PORR offers a Group-wide platform with broad access to e-learning courses, internal and external trainings and further education opportunities. In addition to the three-way educational system "Construction Site, School, Building Academy", the newly founded "PORR Education Campus" at Vienna Simmering also provides unique offers for skilled workers and apprentices in Austria.

Forecast Report

The European construction sector continues to experience dynamic growth, as reflected in the high order backlogs in the construction industry and the consistent rise in employment figures. That said, more moderate growth rates are expected in Europe for year-end 2018 compared to previous years. The shortage of skilled labour, bottlenecks at subcontractor level, as well as rising prices for construction and wages are dampening expectations – this is especially true for all of PORR's home markets. Euroconstruct has forecast cumulative overall growth in European countries of 6% by 2020.

In Germany the 2030 Federal Transport Infrastructure Plan should provide further impetus in the coming years through investment in transport and traffic infrastructure. What's more, high activity levels in new housing construction are expected to be maintained. In Austria experts assume that the positive market situation will continue to prevail in 2018. While moderate growth has been forecast for Switzerland, the economies in CEE continue to experience rapid growth. The sharpest growth trends in Eastern Europe have been observed in Poland, where difficulties have been exacerbated by both the shortfall of skilled labour and the scarcity of construction materials.

PORR's strategy of "intelligent growth" remains unchanged – with a clear focus on the five home markets of Austria, Germany, Switzerland, Poland and the Czech Republic. In economic terms, the company is well positioned with the order backlog comfortably exceeding the annual production output. This allows the Group to apply a highly selective approach to new projects. PORR will continue to focus on operational excellence and the consistent consolidation of the acquisitions concluded last year.

Assuming a stable economic environment and on the basis of the record order backlog, the Executive Board forecasts production output of at least EUR 5 bn in 2018. This represents an increase of around 5.5% against 2017. This forecast is, however, subject to a significant fluctuation range typical to the industry in light of the highly dynamic nature of the construction market and seasonal factors.

Segment Report

Business Unit 1 – Austria, Switzerland, Czech Republic

Key data

in EUR m

	1-6/2018	1-6/2017	Change
Production output	1,144	973	17.6%
EBT	7.7	16.3	-53.1%
Order backlog	2,405	1,949	23.4%
Order intake	1,453	1,257	15.6%
Average staffing levels	7,886	7,333	7.5%

Business Unit 1 – Austria, Switzerland, Czech Republic (BU 1) includes the activities on the home markets of Austria, Switzerland and the Czech Republic. It covers building construction, civil engineering, structural engineering, foundation engineering, the raw materials business on these markets and various holdings. 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.

Production output of BU 1 reached EUR 1,144m in the first half of 2018, an increase of EUR 171m or 17.6%. The majority of this came from large-scale building construction projects. In Austria there was particularly strong growth in Vienna, Salzburg and Upper Austria. Output in the Czech Republic also saw a significant rise compared to the previous year.

In addition, BU 1's order situation kept up its high level in the second quarter. At EUR 2,405m, the order backlog increased significantly year-on-year, by 23.4% or EUR 456m. The order intake of EUR 1,453m marked a rise of EUR 196m or 15.6% year-on-year. The largest new orders in the second quarter included the general contractor tender for the office building QBC 1+2 in Vienna, a flood prevention project in Lower Austria, as well as extending the S3 between Hollabrunn and Guntersdorf.

Based on the good order situation in the three home markets of Austria, Switzerland and the Czech Republic, BU 1 is optimistic about 2018. Nevertheless, the situation remains challenging in the construction sector. The high order backlog and strong market presence allow PORR to increase its focus on more selective project acquisition as well as on targeted working capital management.

Business Unit 2 – Germany

Key data

in EUR m

	1-6/2018	1-6/2017	Change
Production output	427	373	14.4%
EBT	-8.1	-11.1	26.5%
Order backlog	1,592	1,234	29.0%
Order intake	520	868	-40.1%
Average staffing levels	2,385	1,726	38.2%

Business Unit 2 – Germany (BU 2) encompasses PORR's activities on the home market of Germany – from building construction and civil engineering to foundation and structural engineering. Germany is PORR's second largest market. In 2017 PORR strengthened its presence in the Central and Northern German infrastructure market through acquisitions and can now meet the needs of large-scale projects with its own qualified staff.

The production output reached EUR 427m in the first half of 2018, a rise of EUR 54m or 14.4%. In addition, the order backlog grew by 29.0% to EUR 1,592m, an increase of EUR 358m. At the same time, the high order backlog and corresponding output allows a more selective approach to acquiring projects. The order intake totalled EUR 520m and was thereby

EUR 348m or 40.1% below the high level of the preceding year. This decrease relates to acquisitions undertaken in the comparative quarter of the previous year.

The majority of the projects acquired in the second quarter by BU 2 involved residential construction – with the largest projects in Berlin and Erfurt. Low interest rates and the property boom are playing a significant part in driving new business. Both private and institutional investors are currently investing more heavily in property. Yet the German construction industry remains challenging. Rising prices for land and construction, subcontractor shortfalls, the lack of skilled labour and the new tariff rises are having a severe impact on the market players.

PORR's focus in Germany is on ongoing project management, consolidating the companies acquired in 2017 and making the requisite organisational adjustments in order to achieve a sustainable balance in profitability. The first strategic measures for the new approach were already implemented in May. Activities in building construction have been bundled based on the principle of regions. Four strong regional centres will

manage PORR's German building construction in the future: East (via Berlin), South (via Munich), North (via Hamburg), and West (covered by PORR Oevermann). The concentration on regions allows markets to be cultivated far more efficiently in addition to securing more streamlined management structures, avoiding duplication, transferring know-how and synergies.

Business Unit 3 – International

Key data

in EUR m

	1-6/2018	1-6/2017	Change
Production output	748	549	36.2%
EBT	4.1	-5.2	>100.0%
Order backlog	2,329	2,314	0.6%
Order intake	516	636	-18.8%
Average staffing levels	5,400	4,922	9.7%

Business Unit 3 – International (BU 3) comprises the following markets: Poland, the Nordic region, Qatar, Slovakia, Romania, Bulgaria, the UK and projects in other future target countries. These stand beside the competencies in tunnelling, railway and bridge construction. In Poland and Romania BU 3 is also responsible for building construction and civil engineering, while in Poland PORR is additionally active in foundation engineering.

BU 3 managed to achieve a significant increase in production output in the first half of 2018. It reached EUR 748m, a rise of EUR 199m or 36.2%. Especially strong growth in output was generated by the sectors Poland and Tunnelling. The order backlog grew to EUR 2,329m, an increase of EUR 15m or 0.6%. The order intake totalled

EUR 516m and was thereby EUR 120m below the previous year's value.

In Poland PORR acquired the S6 high-speed line between Bożepole and Luzino with a tender volume of EUR 63.8m in the second quarter. The increasing shortage of skilled labour in Poland and the severe price pressure remain the greatest challenges. The boom created by the EU cohesion policy, the constant flow of investment and the low unemployment rate is additionally leading to steady rises in wages and construction costs. This also holds true for the fast-growing CEE region. That said, PORR's high order backlog allows it to operate against this trend and only bid for projects on a selective basis. PORR remains dedicated in Qatar and is cautiously monitoring emerging opportunities on the market.

Business Unit 4 – Environmental Engineering, Healthcare & Services

Key data

in EUR m

	1-6/2018	1-6/2017	Change
Production output	112	104	7.1%
EBT	0.8	1.9	-59.8%
Order backlog	139	104	33.9%
Order intake	126	92	37.9%
Average staffing levels	1,464	1,467	-0.2%

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

BU 4 managed to expand its production output slightly in the first half of 2018 to EUR 112m and achieved an increase of 7.1% or EUR 8m. The order backlog and order intake also increased in the first half. The order backlog stood at EUR 139m, a rise of EUR 35m or 33.9% year-on-year. The order intake climbed by EUR 34m or 37.9%. One of the larg-

est new orders of BU 4 in the first half of the year was the environmental measures relating to the Semmering Base Tunnel in Lower Austria.

With BU 4, PORR has expanded its value chain beyond the classic construction business. It is defined as the Group-wide specialist in niches such as environmental engineering, project development or add-on services such as facades or sewage technology. This enables the Group to optimally exploit opportunities, especially in the general contractor and design-build sectors.

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Interim Consolidated Financial Statements as of 30 June 2018

Consolidated Income Statement

in EUR thousand	1-6/2018	1-6/2017	4-6/2018	4-6/2017
Revenue	2,223,238	1,771,215	1,315,663	1,107,920
Own work capitalised in non-current assets	815	1,379	-208	397
Share of profit/loss of companies accounted for under the equity method	24,718	18,618	16,761	12,977
Other operating income	95,404	77,087	48,703	41,219
Cost of materials and other related production services	-1,498,906	-1,183,637	-890,174	-767,747
Staff expense	-556,052	-467,631	-317,870	-274,556
Other operating expenses	-216,804	-160,098	-120,454	-78,346
EBITDA	72,413	56,933	52,421	41,864
Depreciation, amortisation and impairment expense	-57,762	-48,517	-29,548	-25,252
EBIT	14,651	8,416	22,873	16,612
Income from financial investments and other current financial assets	4,828	7,001	2,977	4,922
Finance costs	-12,874	-11,447	-6,202	-6,543
EBT	6,605	3,970	19,648	14,991
Income tax expense	-1,045	-1,019	-4,321	-3,905
Loss for the period	5,560	2,951	15,327	11,086
of which attributable to shareholders of the parent	3,904	1,561	14,396	10,312
of which attributable to holders of profit-participation rights	1,332	1,332	666	666
of which attributable to non-controlling interests	324	58	265	108
Basic (diluted) earnings per share, total (in EUR)	0.14	0.05	0.50	0.35

Statement of Comprehensive Income

in EUR thousand	1-6/2018	1-6/2017	4-6/2018	4-6/2017
Profit for the period	5,560	2,951	15,327	11,086
Other comprehensive income				
Gains/losses from revaluation of property, plant and equipment	-	-454	-	-454
Remeasurement from benefit obligations	-	4,660	-	4,660
Measurement of equity instruments	-1,365	-	-1,289	-
Income tax expense (income) on other comprehensive income	341	-1,160	322	-1,160
Other comprehensive income which cannot be reclassified to profit or loss (non-recyclable)	-1,024	3,046	-967	3,046
Exchange differences	-380	-452	659	-1,840
Losses from fair value measurement of securities	-	-101	-	-98
Gains/losses from cash flow hedges				
in the year under review	-181	174	-197	17
reclassified into profit or loss	-	-	-	-
Income tax expense (income) on other comprehensive income	45	-18	49	20
Other comprehensive income which can subsequently be reclassified to profit or loss (recyclable)	-516	-397	511	-1,901
Other comprehensive income	-1,540	2,649	-456	1,145
Total comprehensive income	4,020	5,600	14,871	12,231
of which: attributable to non-controlling interests	292	-53	241	-37
Share attributable to shareholders of the parent and holders of profit-participation rights	3,728	5,653	14,630	12,268
of which: attributable to holders of profit-participation rights	1,332	1,332	666	666
Share attributable to shareholders of the parent	2,396	4,321	13,964	11,602

Consolidated Statement of Financial Position

in EUR thousand	30.6.2018	31.12.2017
Assets		
Non-current assets		
Intangible assets	138,151	139,916
Property, plant and equipment	631,359	612,760
Investment property	70,301	70,259
Shareholdings in companies accounted for under the equity method	78,601	61,818
Loans	26,299	23,792
Other financial assets	41,827	94,557
Other non-current financial assets	27,444	24,555
Deferred tax assets	15,615	9,487
	1,029,597	1,037,144
Current assets		
Inventories	95,077	74,739
Trade receivables	1,629,499	1,301,576
Other financial assets	106,349	97,924
Other receivables and current assets	9,037	9,136
Cash and cash equivalents	122,146	358,707
Assets held for sale	5,562	5,564
	1,967,670	1,847,646
Total assets	2,997,267	2,884,790
Equity and liabilities		
Equity		
Share capital	29,095	29,095
Capital reserves	251,287	251,287
Hybrid capital	152,661	155,318
Other reserves	80,468	115,466
Equity attributable to shareholders of parent	513,511	551,166
Equity from profit-participation rights	41,292	42,624
Non-controlling interests	4,026	3,248
	558,829	597,038
Non-current liabilities		
Bonds and Schuldscheindarlehen	233,773	233,639
Provisions	145,973	146,410
Non-current financial liabilities	164,326	147,096
Other non-current financial liabilities	1,744	4,433
Deferred tax liabilities	49,121	55,486
	594,937	587,064
Current liabilities		
Bonds and Schuldscheindarlehen	67,866	67,663
Provisions	131,936	130,339
Current financial liabilities	69,938	57,738
Trade payables	1,146,485	1,032,040
Other current financial liabilities	40,705	21,372
Other current liabilities	353,076	367,572
Tax payables	33,495	23,964
	1,843,501	1,700,688
Total equity and liabilities	2,997,267	2,884,790

Consolidated Cash Flow Statement

in EUR thousand	1-6/2018	1-6/2017
Profit for the period	5,560	2,951
Depreciation, impairment and reversals of impairment on fixed assets and financial assets	58,009	48,529
Interest income/expense	9,326	3,756
Income from companies accounted for under the equity method	-2,650	-7,681
Dividends from companies accounted for under the equity method	1,976	1,146
Losses/profits from the disposal of fixed assets	-6,955	-5,835
Decrease in long-term provisions	-3,576	-2,166
Deferred income tax	-11,446	-12,617
Operating cash flow	50,244	28,083
Increase/decrease in short-term provisions	1,498	-25,464
Increase in tax provisions	10,902	12,790
Increase in inventories	-20,375	-9,663
Increase in receivables	-348,512	-303,649
Increase/decrease in payables (excluding banks)	118,662	-40,866
Interest received	7,538	9,478
Interest paid	-5,905	-4,930
Other non-cash transactions	4,917	-4,505
Cash flow from operating activities	-181,031	-338,726
Proceeds from the disposal of intangible assets	34	27
Proceeds from sale of property, plant and equipment and disposal of investment property	11,012	13,738
Proceeds from the sale of financial assets	2,012	2
Proceeds from repayment of loans	789	66
Investments in intangible assets	-961	-5,588
Investments in property, plant and equipment and investment property	-61,809	-70,723
Investments in financial assets	-16,659	-129
Investments in loans	-3,297	-382
Payouts for financial investments	-	-45,000
Proceeds from financial investments	50,000	-
Proceeds from the sale of consolidated companies	1,392	-
Payouts for the purchase of subsidiaries less cash and cash equivalents	30	-59,827
Cash flow from investing activities	-17,457	-167,816
Dividends	-41,305	-34,430
Payouts to non-controlling interests	-630	-293
Obtaining loans and other financing	189,747	98,342
Redeeming loans and other financing	-182,176	-15,123
Hybrid capital	-	123,412
Acquisition of non-controlling interests	-115	-
Cash flow from financing activities	-34,479	171,908
Cash flow from operating activities	-181,031	-338,726
Cash flow from investing activities	-17,457	-167,816
Cash flow from financing activities	-34,479	171,908
Change to cash and cash equivalents	-232,967	-334,634
Cash and cash equivalents at 1 Jan	358,707	476,430
Currency differences	-3,594	2,127
Cash and cash equivalents at 30 Jun	122,146	143,923
Tax paid	1,535	783

Segment Report¹

in EUR thousand	BU 1 – Austria, Switzerland, Czech Republic	BU 2 – Germany	BU 3 – International	BU 4 – Environmental Engineering, Healthcare & Services	Holding	Group
1-6/2018						
Production output (Group)	1,143,937	426,900	748,332	111,725	26,890	2,457,784
Segment revenue (revenue, own work capitalised in non-current assets and other operating income)	1,117,030	446,687	643,742	94,396	17,602	2,319,457
Intersegmental revenue	37,171	6,642	9,753	7,130	78,035	
EBT (Segment earnings before tax)	7,664	-8,138	4,072	755	2,252	6,605

¹ Part of the notes

Statement of Changes in Group Equity

in EUR thousand	Share capital	Capital reserves	Revaluation reserve	Remeasurement from defined benefit obligations	Measurement of equity instruments	Foreign currency translation reserves
Balance at 1 Jan 2017	29,095	251,287	12,767	-30,767	-	2,156
Total profit/loss for the period	-	-	-	-	-	-
Other comprehensive income	-	-	-336	3,499	-	-642
Total comprehensive income	-	-	-336	3,499	-	-642
Dividend payout	-	-	-	-	-	-
Income tax on interest for holders of hybrid/mezzanine capital	-	-	-	-	-	-
Hybrid capital	-	-	-	-	-	-
Changes to the consolidated group/ acquisition of non-controlling interests	-	-	-	-	-	-
Balance at 30 June 2017	29,095	251,287	12,431	-27,268	-	1,514
Balance at 31 Dec 2017	29,095	251,287	7,723	-27,286	-	1,240
Restatement from the first-time application of IFRS 9	-	-	-	-	-	-
Restatement from the first-time application of IFRS 15	-	-	-	-	-	-
Balance at 1 Jan 2018	29,095	251,287	7,723	-27,286	-	1,240
Total profit/loss for the period	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-32	-633
Total comprehensive income for the period	-	-	-	-	-32	-633
Dividend payout	-	-	-	-	-	-
Income tax on interest for holders of hybrid/mezzanine capital	-	-	-	-	-	-
Capital increase	-	-	-	-	-	-
Changes to the consolidated group/ acquisition of non-controlling interests	-	-	-	-	-	-
Balance at 30 June 2018	29,095	251,287	7,723	-27,286	-32	607

in EUR thousand	BU 1 – Austria, Switzerland, Czech Republic	BU 2 – Germany	BU 3 – International	BU 4 – Environmental Engineering, Healthcare & Services	Holding	Group
1-6/2017						
Production output (Group)	972,527	373,013	549,474	104,304	15,519	2,014,837
Segment revenue (revenue, own work capitalised in non-current assets and other operating income)	924,546	355,154	477,515	78,574	13,892	1,849,681
Intersegmental revenue	14,848	5,453	7,973	5,472	63,355	
EBT (Segment earnings before tax)	16,328	-11,074	-5,238	1,880	2,074	3,970

Debt securities available for sale – fair value reserve	Reserve for cash flow hedges	Hybrid capital	Retained earnings and retained profit	Equity attributable to equity holders of the parent	Profit- participation rights	Non-controlling interests	Total
-272	-655	25,303	106,106	395,020	42,624	3,228	440,872
-	-	3,613	-2,052	1,561	1,332	58	2,951
-76	131	-	184	2,760	-	-111	2,649
-76	131	3,613	-1,868	4,321	1,332	-53	5,600
-	-	-	-31,791	-31,791	-2,639	-293	-34,723
-	-	-	333	333	-	-	333
-	-	123,809	-	123,809	-	-	123,809
-	-	-	45	45	-	1,182	1,227
-348	-524	152,725	72,825	491,737	41,317	4,064	537,118
1,737	-629	155,318	132,681	551,166	42,624	3,248	597,038
-1,737	-	-	1,737	-	-	-	-
-	-	-	-2,613	-2,613	-	-	-2,613
-	-629	155,318	131,805	548,553	42,624	3,248	594,425
-	-	4,218	-314	3,904	1,332	324	5,560
-	-136	-	-707	-1,508	-	-32	-1,540
-	-136	4,218	-1,021	2,396	1,332	292	4,020
-	-	-6,875	-31,766	-38,641	-2,664	-630	-41,935
-	-	-	1,387	1,387	-	-	1,387
-	-	-	-	-	-	1,194	1,194
-	-	-	-184	-184	-	-78	-262
-	-765	152,661	100,221	513,511	41,292	4,026	558,829

Notes to the Interim Consolidated Financial Statements as of 30 June 2018

1. General Information

The PORR Group consists of PORR AG and its subsidiaries. PORR AG is a public limited company according to Austrian law and has its registered head office at Absberggasse 47, 1100 Vienna. The company is registered with the commercial court of Vienna under reference number FN 34853f. The Group deals mainly with the planning and execution of all kinds of building and construction work, as well as the management and operations of buildings constructed for the Group's own account.

These interim consolidated financial statements of the PORR Group have been published according to IAS 34 Interim Financial Reporting, using the standards of the International Accounting Standards Board (IASB), the International Financial Reporting Standards (IFRSs) adopted by the European Union, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) in addition to standards applicable for the first time as of 1 January 2018, especially IFRS 15 and IFRS 9. The impact of the first-time application of the new standards is described in item 3.

In accordance with IAS 34, these interim consolidated financial statements do not contain every comprehensive entry which is obligatory in the annual financial statements and therefore this interim report should be read in conjunction with the Annual Report of the PORR Group as of 31 December 2017. As per IAS 34, the consolidated results of the interim consolidated financial statements are not necessarily indicative of the annual results.

The reporting currency is the euro, which is also the functional currency of PORR AG and of the majority of the subsidiaries included in these interim consolidated financial statements.

2. Consolidated Group and Acquisitions

The following six companies were consolidated in full for the first time in these interim financial statements:

Due to acquisitions	Date of initial consolidation
PORR Infra GmbH (formerly Tunnel- & Traffic Consulting GmbH)	31.1.2018
Due to new foundations	
ISHAP Software Solutions GmbH	15.2.2018
SAM03 Beteiligungs GmbH	3.4.2018
ASCI Logistik GmbH	24.4.2018
CIS Beton GmbH	24.4.2018
PORR Recycling GmbH	7.6.2018

For two companies the number of shares sold meant that only significant influence remains and these were accounted for under the equity method. Two companies were eliminated through intra-Group mergers, while one company was sold off in full. The assets and liabilities where control was lost break down as follows:

in EUR thousand	2018
Non-current assets	
Property, plant and equipment	33
Deferred tax assets	253
Current assets	
Inventories	37
Trade receivables	1,579
Other current financial assets	132
Other receivables and assets	396
Cash and cash equivalents	69
Non-current liabilities	
Provisions	-117
Deferred tax liabilities	-81
Current liabilities	
Provisions	-9
Financial liabilities	-1
Trade payables	-1,271
Other current financial liabilities	-967
Other current liabilities	-243
Tax payables	-38

Gains on sale amounting to TEUR 1,346 were recognised in income/expenses from financial assets. The fair value measurement of the remaining equity stake led to a gain of TEUR 1,250 and is recognised in companies accounted for under the equity method.

TEUR 36 was used to purchase a 100% stake in PORR Infra GmbH. The purchase price was provisionally allocated to the Group's liabilities and assets as follows:

in EUR thousand	2018
Non-current assets	
Intangible assets	14
Property, plant and equipment	128
Current assets	
Trade receivables	207
Other current financial assets	14
Cash and cash equivalents	66
Current liabilities	
Provisions	-108
Trade payables	-47
Other current liabilities	-238
Purchase price	36

The initial consolidation of the company contributed TEUR -1,780 to earnings before taxes for the period and TEUR 1,674 to revenue.

Regarding the acquisition of the Hinteregger Group concluded in the 2017 business year, the purchase price allocation was finalised in the current business year, whereby the fair value of property, plant and equipment (TEUR 2,322), deferred taxes (TEUR -581) and goodwill were adjusted in the amount of TEUR 1,742.

Furthermore, 46 (previous year: 45) domestic and 31 (previous year: 27) foreign associates and joint ventures were valued using the equity method.

3. Accounting and Valuation Methods

The accounting and valuation methods applied in the consolidated financial statements of 31 December 2017, which are presented in the notes to the consolidated annual financial statements, have been used, unmodified, in the interim report with the exception of the following standards and interpretations applied for the first time. Here it is only the first-time application of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments that has had a significant impact:

New standard or amendment	Date published by IASB	Date adopted into EU law	Effective date (first-time application)
IFRS 9 Financial Instruments	24.7.2014	22.11.2016	1.1.2018
IFRS 15 Revenue from Contracts with Customers	28.5.2014	22.9.2016	1.1.2018
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	12.9.2016	3.11.2017	1.1.2018
Clarifications to IFRS 15 Revenue from Contracts with Customers	12.4.2016	31.10.2017	1.1.2018
Annual Improvements to IFRS Standards 2014–2016 Cycle, Clarifications to IAS 28 and IFRS 1	8.12.2016	7.2.2018	1.1.2018
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	20.6.2016	26.2.2018	1.1.2018
Amendments to IAS 40: Transfers of Investment Property	8.12.2016	14.3.2018	1.1.2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	8.12.2016	28.3.2018	1.1.2018

The impacts of the first-time application of IFRS 15 and IFRS 9 mainly relate to:

- Bundling contracts
- Disclosures related to the measurement of securities at fair value

The following standards and interpretations have been published after the preparation of the consolidated financial statements as of 31 December 2017 and are not yet mandatory for reporting periods and/or have not yet been adopted into EU law:

New standard or amendment	Date published by IASB	Date adopted into EU law	Effective date (first-time application)
Amendment to IAS 19: Plan Amendment, Curtailment or Settlement	7.2.2018	-	-
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32 updating or clarifying which version of the conceptual framework they relate to	29.3.2018	-	1.1.2020

IFRS 15 Revenue from Contracts with Customers

The objective of IFRS 15 is to bring together a range of requirements that were previously contained in different standards and interpretations. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework. The model specifies that revenue is recognised as control is passed (control approach), either over time or at a point in time and thereby replaces the previously applied risk and reward model (transfer of risks and rewards). Furthermore, the scope of the requisite disclosures in the notes has been expanded.

For its initial application, PORR has chosen the cumulative adjustment approach IFRS 15.C3(b). This means that the effects for the first-time application as of 1 January 2018 are recognised directly in equity and do not therefore require any retrospective adjustments to the comparative figures for 2017. Therefore the standards valid up until this point in time, IAS 18 and IAS 11, continue to apply to the comparative period.

The following table shows the net impacts on retained earnings as of 1 January 2018 from the first-time application of IFRS 15:

in EUR thousand	Adjustments through first-time application of IFRS 15 as of 1.1.2018
Other reserves	
Bundling contracts	-3,483
Income tax expense	870
Impact as of 1 Jan 2018	-2,613

The following table shows a reconciliation of the impacts from the first-time application of IFRS 15 on the items of the statement of financial position as of 30 June 2018 as well as on the consolidated income statement and the statement of comprehensive income for the period 1 January 2018 to 30 June 2018.

in EUR thousand	Consolidated statement of financial position as of 30.6.2018	Adjustments	Consolidated statement of financial position as of 30.6.2018 without IFRS 15 adjustments
Assets			
Trade receivables	1,629,499	96	1,629,595
Current assets	1,967,670	96	1,967,766
Total assets	2,997,267	96	2,997,363
Equity and liabilities			
Other reserves	80,468	72	80,540
Non-controlling interests	-	-	-
Equity	558,829	72	558,901
Deferred tax liabilities	49,121	24	49,145
Non-current liabilities	594,937	96	595,033
Total equity and liabilities	2,997,267	96	2,997,363

in EUR thousand	Consolidated income statement 1-6/2018	Adjustments	Consolidated income statement 1-6/2018 without IFRS 15 adjustments
Revenue	2,223,238	-2,744	2,220,494
Share of profit/loss of companies accounted for under the equity method	24,718	-644	24,074
EBITDA	72,413	-3,388	69,025
EBIT	14,651	-3,388	11,263
EBT	6,605	-3,388	3,217
Income taxes	-1,045	847	-198
Surplus for the period	5,560	-2,541	3,019
of which attributable to shareholders of the parent	5,560	-2,541	3,019
of which attributable to non-controlling interests	-	-	-

Description of revenue and impact of first-time application according to revenue type

The following shows the impacts of the first-time application compared to the previously applied accounting and measurement methods on the different types of revenue at PORR:

Revenues from construction contracts (all segments)

In general, revenue continues to be realised over the period of the service rendered. Should appropriate conditions be met, multiple contracts are aggregated and measured together from across the Group with the aid of project benchmarks. Invoices for advance payments are provided in line with a predefined payment plan that broadly corresponds to progress made on the construction project. In individual cases, the payment plans include a financing component that is recognised separately in the financing result as interest income.

Projects with different margins are aggregated and this can result in minimal time lags in recognising revenue. No changes resulted from the recognition of advance payments; there were no financing components.

Landfill revenues (segment Business Unit 4 – Environmental Engineering, Healthcare & Services)

Revenues from landfill operations are realised at a point in time. No significant changes to the previously applied accounting and valuation methods have resulted from the first-time application.

Income from the sale of raw materials (segments Business Unit 1 – Austria, Switzerland, Czech Republic and Business Unit 2 – Germany)

Revenues from the sale of raw materials are realised at a point in time. No significant changes to the previously applied accounting and valuation methods have resulted from the first-time application.

Property management (segment Business Unit 4 – Environmental Engineering, Healthcare & Services)

Service revenues from property management are realised over a period of time. No significant changes to the previously applied accounting and valuation methods have resulted from the first-time application.

IFRS 9 Financial Instruments

The standard includes requirements for the recognition, measurement and derecognition of financial instruments as well as for hedge accounting and replaces the previously applicable standard IAS 39. The transitional provisions of IFRS 9 only permit a retrospective adjustment in accordance with IAS 8 in exceptional cases (hedges). What this means for PORR is that the effects of the first-time application as of 1 January 2018 are recognised directly in equity and do not therefore require any retrospective adjustments to the comparative figures for 2017. Therefore the standard valid up until this point in time, IAS 39, continues to apply to the comparative period. The first-time application of IFRS 9 has had no impact on retained earnings.

The following table shows a reconciliation of the impacts from the first-time application of IFRS 9 on the consolidated income statement and the statement of comprehensive income for the period 1 January 2018 to 30 June 2018.

in EUR thousand	Consolidated income statement 1-6/2018	Adjustments	Consolidated income statement 1-6/2018 without IFRS 9 adjustments
Financing income	4,828	221	5,049
Income taxes	-1,045	-55	-1,100

in EUR thousand	Consolidated income statement 1-6/2018	Adjustments	Consolidated income statement 1-6/2018 without IFRS 9 adjustments
Fair value measurement of securities	-	221	221
Income tax expense/income on OCI	-	-55	-55

Classification and measurement categories

As of 1 January 2018 the Group has evaluated the business model for each financial instrument and subsequently assigned them to the appropriate categories in accordance with IFRS 9. The reclassifications can be clearly seen in the following table:

	Old measurement categories (IAS 39)	New measurement categories (IFRS 9)	Old carrying amount (IAS 39)	New carrying amount (IFRS 9)
Assets				
Loans	Loans and Receivables	Amortised Cost (AC)	26,386	26,386
Other financial assets	Available for Sale Financial Assets (at cost)	Fair Value through OCI (FVTOCI)	3,814	3,814
Other financial assets	Available for Sale Financial Assets (at cost)	Fair Value through Profit & Loss (FVTPL)	1,088	1,088
Other financial assets	Available for Sale Financial Assets	Fair Value through Profit & Loss (FVTPL)	11,094	11,094
Other financial assets	Available for Sale Financial Assets	Fair Value through OCI (FVTOCI)	25,831	25,831
Trade receivables	Loans and Receivables	Amortised Cost (AC)	1,629,499	1,629,499
Financial assets	Loans and Receivables	Amortised Cost (AC)	131,312	131,312
Financial assets	Financial Assets Held for Trading	Fair Value through Profit & Loss (FVTPL)	102	102
Derivatives (without hedges)	Financial Assets Held for Trading	Fair Value through Profit & Loss (FVTPL)	2,292	2,292
Cash and cash equivalents	-	-	122,146	122,146
Liabilities				
Bonds	Financial Liabilities Measured at Amortised Cost	Amortised Cost (AC)	102,113	102,113
Schuldscheinanleihen	Financial Liabilities Measured at Amortised Cost	Amortised Cost (AC)	199,526	199,526
Bank loans and overdrafts	Financial Liabilities Measured at Amortised Cost	Amortised Cost (AC)	143,599	143,599
Other financial liabilities	Financial Liabilities Measured at Amortised Cost	Amortised Cost (AC)	45	45
Lease obligations	-	-	86,817	86,817
Trade payables	Financial Liabilities Measured at Amortised Cost	Amortised Cost (AC)	1,146,485	1,146,485
Other financial liabilities	Financial Liabilities Measured at Amortised Cost	Amortised Cost (AC)	42,449	42,449
Derivatives (without hedges)	Financial Liabilities Measured at Amortised Cost	Fair Value through Profit & Loss (FVTPL)	2,411	2,411
Derivatives (with hedges)	-	-	1,391	1,391

Impairment of financial assets

IFRS 9 replaces the incurred loss model with the expected credit loss model. The new model is applicable for financial instruments recognised at amortised cost, for contract assets (IFRS 15) and debt instruments recognised at fair value directly in equity, as well as lease receivables (IAS 17/IFRS 16).

Financial instruments recognised at amortised cost relate to project financing. Financial instruments recognised at fair value through profit and loss comprise nonconsolidated interests in subsidiaries and miscellaneous financial assets.

The impairment model of IFRS 9 calls for the formation of a risk provision in the amount of the 12-month expected credit loss (stage 1). Should a significant increase in the credit risk occur, then the lifetime expected credit loss is recognised (stage 2). If there is objective evidence of actual impairment, then stage 3 applies. This does not necessarily result in the recognition of additional impairment, although an adjustment of cash flows to the net present value is required for financial instruments recognised under application of the effective interest method.

In the course of the first-time application, PORR decided to apply the simplified approach allowed by IFRS 9.5.5.15 for trade receivables, contract assets and lease receivables. This means that impairment at least in the amount of the lifetime expected credit loss model is recognised (stage 2). The general impairment model is applied to all of the other aforementioned financial instruments.

The Group draws on all available information when evaluating the significant increase in the credit risk after the initial measurement and when estimating the expected credit loss. This includes historic data and future-oriented information. As a general rule, no external creditworthiness assessments are available for financial instruments.

The significant financial instruments to be valued in accordance with the general impairment model relate to project financing for companies accounted for under the equity method. The financing of project companies is secured through equity stakes and project financing by the owner as well as financing taken out directly by the project company. Actual losses caused by negative project developments can also generally be covered by PORR through shareholder contributions that fall within the scope of IAS 28 and IFRS 11. The loss of project financing is therefore of secondary importance.

Measurement of the expected credit loss

The expected credit loss is calculated on the basis of the product from the expected net of the financial instrument, the probability of default for the period and the amount lost in the case of an actual loss.

Impairment of financial instruments

At the end of every reporting period an assessment is made as to whether impairment has occurred. Impairment is judged to have occurred if there is substantial evidence indicating impairment and the present value of the expected payments are below the carrying amount of the asset.

Disclosing impairment

Impairment of assets recognised at amortised cost is deducted directly from the asset. Impairment is recognised in equity for financial instruments at fair value directly in equity.

Impairment expenses related to trade receivables and contract assets are disclosed separately in the income statement. No impairment was recognised in the first half of 2018.

Impairment expenses in relation to other financial instruments are shown under the financing result as was previously the case with IAS 39.

Impacts of the new impairment model

It is expected that impairment will have to be applied earlier to assets that fall within the scope of the impairment regulations of IFRS 9. Impairment on receivables is recognised on the basis of decreases in output and does not relate to any impairment resulting from changes in creditworthiness, therefore the first-time application of IFRS 9 did not have any impact on impairment as of 1 January 2018.

Project financing (loans)

The general impairment model is used for project financing. An assessment of whether there has been a significant increase in the credit risk is made on the basis of the period overdue. If the credit risk has been assessed as low at the time IFRS 9 is first applied, PORR also assumes no significant increase has occurred since the initial recognition.

Hedge accounting

PORR has not exercised the option of continuing to apply the rules of IAS 39 for its hedge accounting. Exercising this option would not have had a significant impact on hedge accounting.

The interim consolidated financial statements at 30 June 2018 use the same consolidation methods and basis for currency exchange as were used in the annual financial statements at 31 December 2017.

4. Estimates and Assumptions

Producing interim consolidated financial statements in accordance with IFRSs requires management to make estimates and assumptions which affect the amount and disclosure of assets and liabilities in the statement of financial position, income and expense, as well as entries regarding contingent liabilities in the interim report. Actual results may deviate from these estimates.

5. Seasonal Influence

In comparison to other industry sectors, the construction industry experiences seasonal variations with regard to revenue and profit due to weather-related factors. Revenue and profit are, as a rule, lower in the winter months than in the summer months. As a result of the fixed costs which exist, earnings are lower in the first two quarters than in the final two quarters. These seasonal fluctuations are less pronounced in building construction than in civil engineering and road construction.

6. Revenue

in EUR thousand	BU 1 – Austria, Switzerland, Czech Republic	BU 2 – Germany	BU 3 – International	BU 4 – Environ- mental Engineer- ing, Healthcare & Services	Holding	Group
Revenue						
Building construction						
Commercial/office construction	88,403	64,155	60,331	-	-	212,889
Industrial engineering	78,362	9,165	7,368	-	-	94,895
Miscellaneous building construction	170,037	61,740	23,256	-	9,448	264,481
Residential construction	265,172	34,369	5,039	-	-	304,580
Civil engineering						
Railway construction	20,459	-	127,361	-	-	147,820
Bridge/overpass construction	49,174	36,660	79,460	-	-	165,294
Miscellaneous civil engineering	180,922	113,367	43,485	5,704	-	343,478
Road construction	172,022	69,308	120,016	-	-	361,346
Tunnelling	-	21,865	146,687	-	-	168,552
Other sectors	92,479	36,058	30,739	88,692	8,154	256,122
Revenue	1,117,030	446,687	643,742	94,396	17,602	2,319,457
Revenue recognised over time	1,095,151	442,075	643,742	48,583	17,602	2,247,153
Revenue recognised at a point in time	21,879	4,612	-	45,813	-	72,304

7. Earnings per Share

in EUR thousand	1–6/2018	1–6/2017
Proportion of deficit/surplus for the period relating to shareholders of the parent	3,904	1,561
Weighted average number of issued shares	28,878,505	28,878,505
Basic earnings per share = diluted earnings per share, in EUR	0.14	0.05

8. Share Capital

Share capital	No. 2018	EUR 2018	No. 2017	EUR 2017
Ordinary bearer shares	29,095,000	29,095,000	29,095,000	29,095,000
Total share capital	29,095,000	29,095,000	29,095,000	29,095,000

As proposed by the Executive Board and the Supervisory Board, the Annual General Meeting of PORR AG passed a resolution on 29 May 2018 to pay out a dividend of EUR 1.10 per share entitled to dividends as a result of the earnings for the business year 2017.

At the end of the reporting period, there were 216,495 treasury shares; this corresponds to 0.74% of the share capital.

9. Financial Instruments

The carrying amount of the financial instruments as per IFRS 9 corresponds to the fair value, with the exception of bonds subject to fixed interest rates (fair value hierarchy level 1), deposits from banks subject to fixed interest rates (fair value hierarchy level 3), and other financial liabilities subject to fixed interest rates (fair value hierarchy level 3).

in EUR thousand	Measurement category	Carrying amount as of 30.6.2018	(Continuing) Acquisition costs	Fair Value other comprehensive income	Fair Value affecting net income	Fair value hierarchy	Fair value as of 30.6.2018
Assets							
Loans	AC	26,386	26,386				
Other financial assets	FVTOCI	3,814		3,814			
Other financial assets	FVTPL	1,088			1,088		
Other financial assets	FVTPL	11,094			11,094	Level 1	11,094
Other financial assets	FVTOCI	25,831		25,831		Level 3	25,831
Trade receivables	AC	1,629,499	1,629,499				
Other financial assets	AC	131,312	131,312				
Other financial assets	FVTPL	102			102	Level 1	102
Derivatives (without hedges)	FVTPL	2,292			2,292	Level 2	2,292
Cash and cash equivalents		122,146	122,146				
Liabilities							
Bonds							
at fixed interest rates	AC	102,113	102,113			Level 1	105,249
Schuldscheindarlehen							
at fixed interest rates	AC	74,846	74,846			Level 3	76,406
at variable interest rates	AC	124,680	124,680				
Bank loans and overdrafts							
at fixed interest rates	AC	24,145	24,145			Level 3	24,340
at variable interest rates	AC	119,454	119,454				
Lease obligations ²		86,817	86,817				
Other financial liabilities							
at fixed interest rates	AC	45	45			Level 3	44
Trade payables	AC	1,146,485	1,146,485				
Other financial liabilities	AC	42,449	42,449				
Derivatives (without hedges)	FVTPL	2,411			2,411	Level 2	2,411
Derivatives (with hedges)		1,391		1,391		Level 2	1,391
by category							
Financial assets at amortised cost	AC	1,787,197	1,787,197				
Cash and cash equivalents		122,146	122,146				
Fair value through profit & loss	FVTPL	12,165			12,165		
Fair value through OCI	FVTOCI	29,645		29,645			
Financial liabilities at amortised cost	AC	1,634,172	1,634,217				

in EUR thousand	Measurement category	Carrying amount as of 31.12.2017	(Continuing) Acquisition costs	Fair Value other comprehensive income	Fair Value affecting net income	Fair value hierarchy	Fair value as of 31.12.2017
Assets							
Loans	LaR	23,886	23,886				
Other financial assets ¹	AfS (at cost)	4,895	4,895				
Other financial assets	AfS	12,466		12,466		Level 1	12,466
Other financial assets	AfS	77,196		77,196		Level 3	77,196
Trade receivables	LaR	1,301,576	1,301,576				
Other financial assets	LaR	118,040	118,040				
Other financial assets	FAHFT	100			100	Level 1	100
Derivatives (without hedges)	FAHFT	4,243			4,243	Level 2	4,243
Cash and cash equivalents		358,707	358,707				
Liabilities							
Bonds							
at fixed interest rates	FLAC	101,889	101,889			Level 1	107,552
Schuldscheindarlehen							
at fixed interest rates	FLAC	74,797	74,797			Level 3	75,624
at variable interest rates	FLAC	124,616	124,616				
Bank loans and overdrafts							
at fixed interest rates	FLAC	21,307	21,307			Level 3	23,685
at variable interest rates	FLAC	95,834	95,834				
Lease obligations ²		85,120	85,120				
Other financial liabilities							
at fixed interest rates	FLAC	751	751			Level 3	710
Trade payables	FLAC	1,032,040	1,032,040				
Other financial liabilities	FLAC	25,805	25,805				
Derivatives (without hedges)	FLHFT	612			612	Level 2	612
Derivatives (with hedges)		1,210		1,210		Level 2	1,210
by category							
Loans and receivables	LaR	1,443,502	1,443,502				
Cash and cash equivalents		358,707	358,707				
Available-for-sale financial assets ¹	AfS (at cost)	4,895	4,895				
Available-for-sale financial assets	AfS	89,662		89,662			
Financial assets held for trading	FAHFT	4,343			4,343		
Financial liabilities held for trading	FLHFT	612			612		
Derivative liabilities (with hedges)		1,210		1,210			
Financial liabilities measured at amortised cost	FLAC	1,477,039	1,477,039				

¹ These are related to Group shareholdings, predominantly shares in GmbHs, whose fair value cannot be reliably measured and for which there is no active market so that they are measured at acquisition cost less possible impairment. There are currently no concrete plans to sell.

² Lease obligations fall under the application of IAS 17 and IFRS 7.

Details on fair value financial instruments Level 3:

For the valuation of the mezzanine capital of TEUR 50,000 and the hybrid capital of TEUR 25,330 for UBM Development AG, the following input factors (pricing criteria) were applied:

- Mid Swap
- Credit spread UBM bond (Z-spread)
- Hybrid spread

The sum of these factors corresponds to the current pricing of the hybrid bond.

As a second step, the current pricing and contractually agreed coupon were compared, thereby determining the necessary surcharges/discounts.

- If the current market pricing is higher than the contractually agreed coupon, then a discount is applied to the nominal amount.
- If the current market pricing is lower than the contractually agreed coupon, then a surcharge is applied to the nominal amount.

	Mid swap	Credit spread	Hybrid spread	Hybrid coupon in %
Balance at 30 June 2018	11.65	239.59	151	4.0224
Balance at 31 Dec 2018	31.3	203.13	151	3.854

	Mezzanine capital	Hybrid capital
Total 1 Jan 2018	51,323	25,873
Disposals	-51,323	-
Surcharges/discounts	-	-42
Total 30 June 2018	-	25,831

UBM Development AG paid back the mezzanine capital of TEUR 50,000 to PORR AG, effective 3 April 2018.

Sensitivities and interrelationships

The valuation methods applied are subject to fluctuation of the three input factors. Any change in a single factor results in a respective change in value (e.g. if the mid swap increases by 1 BP, the receivable decreases in value by 1 BP).

Possible interdependencies have not been considered as it is not possible to assume either a significant negative or a significant positive correlation; therefore any individual change would increase the overall valuation in the respective amount.

10. Related Party Disclosures

There have been no significant changes in relationships between related companies, or any resultant obligations or guarantees, since 31 December 2017.

Transactions in the business year between companies included in the PORR Group's consolidated financial statements and the UBM Group companies primarily relate to construction services. Furthermore, interest for the mezzanine capital and hybrid capital of TEUR 5,589 has been paid to PORR AG in the business year 2018 along with a repayment totalling TEUR 50,000.

The sale of a 50% interest in H + E Haustechnik und Elektro GmbH represents a related party transaction.

In addition to subsidiaries and associates, related parties include the companies of the IGO-Ortner Group as they or their controlling entity has a significant influence over PORR AG through the shares which they hold, as well as the Strauss Group, as a member of the Executive Board of PORR AG has significant influence over it, as well as the Kapsch Group, as a member of the Executive Board of PORR AG holds a key position at the same time as having significant influence over PORR AG. In addition to people who have a significant influence over PORR AG, related parties also include the members of the Executive and Supervisory Boards of PORR AG as well as their close family members.

11. Audit Disclosure

These interim financial statements of the PORR Group have neither been audited nor subjected to an audit opinion.

12. Events after the End of the Reporting Period

No events subject to disclosure occurred after the end of the reporting period.

Vienna, 29 August 2018

The Executive Board

Karl-Heinz Strauss


Andreas Sauer

J. Johannes Wenkenbach

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, we confirm that the condensed interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. We furthermore confirm that the interim management report of the Group gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group with regard to any important developments over the first six months of the fiscal year, along with their impact on the condensed interim consolidated financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the fiscal year and with regard to related party disclosures.

Vienna, 29 August 2018



Karl-Heinz Strauss
Chief Executive Officer



Andreas Sauer
Executive Board Member



J. Johannes Wenkenbach
Executive Board Member

Financial Calendar 2018

29.10.2018	Interest payment PORR Corporate Bond 2014/1 (senior bond), Vienna
29.10.2018	Interest payment PORR Corporate Bond 2014/2 (hybrid bond), Vienna
26.11.2018	Interest payment and redemption PORR Corporate Bond 2013, Vienna
29.11.2018	Publication report on the 3 rd quarter 2018, Vienna

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The Half-Year Report can be obtained free of charge from the company at 1100 Vienna, Absberggasse 47, and may be downloaded from the website, www.porr-group.com/group-reports.

Acknowledgements

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Photos

PORR (Executive Board photo), PORR/Astrid Knie (Austrian Parliament), PORR AG (PEMA II, Deep Tunnel Stormwater System, Opoczno Południe, Farris Bridge, E18 Rugtvedt-Dørdal), Basler Versicherung (Baloise Park), Linus Lintner (Zalando headquarters), Anke Müllerklein (Futura Campus), Tomas Maly (Budweiser warehouse)

Disclaimer

This Half-Year 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. 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.

Every care has been taken to ensure that all information contained in every part of this Half-Year Report is accurate and complete. The figures have been rounded off using the compensated summation method. We regret that we cannot rule out possible round-off, typesetting and printing errors.

This report is a translation into English of the Half-Year 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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