racting . together . interacting . together . interact
. together . interacting . together . interacting . to
gether . interacting . together . interacting . togeth
er . interacting . together . interacting . together .
eracting . together . interacting . together . interac
cting . together . interacting . together . interactin
ogether . interacting . together . interacting . toge
er . interacting . together . interacting . together .
eracting . together . interacting . together . interac
cting . together . interacting . together . interactin
ogether . interacting . together . interacting . toge
er . interacting . together . interacting . together .
racting . together . interacting . together . interact
. together . interacting . together . interacting . to
ether . interacting . together . interacting . togethe
cting . together . interacting . together . interactin

PORR

Interim Report on the 3rd Quarter 2018

Key Data

in EUR m	1–9/2018	1–9/2017	Change[2]
Operating data			
Production output[1]	4,055	3,343	21.3%
Foreign share	58.5%	53.3%	5.2PP
Order backlog	6,837	5,808	17.7%
Order intake	4,525	4,347	4.1%
Staffing level (average)	18,802	17,279	8.8%

	1–9/2018	1–9/2017	Change[2]
Earnings indicators			
Revenue	3,644.4	3,015.1	20.9%
EBITDA	130.3	110.8	17.6%
EBIT	42.6	33.1	28.8%
EBT	31.2	28.4	9.9%
Profit for the period	23.3	21.3	9.1%

	30.9.2018	31.12.2017	Change[2]
Financial position indicators			
Total assets	3,250	2,885	12.6%
Equity (incl. non-controlling interests)	579	597	-3.0%
Equity ratio	17.8%	20.7%	-2.9PP
Net debt	-460	-147	>100.0%

	1–9/2018	1–9/2017	Change[2]
Cash flow and investments			
Cash flow from operating activities	-189.0	-371.0	-49.1%
Cash flow from investing activities	-28.3	-219.3	-87.1%
Cash flow from financing activities	21.6	207.2	-89.6%
CAPEX[3]	129.0	127.9	0.8%
Depreciation/amortisation/impairment	-87.7	-77.7	12.8%

	1–9/2018	1–9/2017	Change[2]
Key data regarding shares			
Number of shares (weighted average)	29,095,000	29,095,000	-
Market capitalisation as of 30 Sep (in EUR m)	741.9	777.6	-4.6%

[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

Q1–3 at a glance

Construction demand continues unabated
PORR holds solid position

Production output climbs by 21%
Ongoing upward trend as expected

Order backlog at all-time high
Selective approach to project acquisitions

EBT up by 10%
Maintained despite challenging market environment

Improvement in net debt
Proactive management of working capital

Guidance for 2018 adjusted
A good year is expected

Contents

ther . growing . together . growing . together . grow

Dear shareholders,
dear business partners,

PORR has retained its solid position in the first nine months of 2018. We once again managed to set new records in the production output and order backlog. In addition to the strong position on our home markets and the unwavering high demand for construction services, the acquisitions made in 2017 in particular had a positive impact on the business performance.

In the first three quarters, production output rose by 21.3% to EUR 4.1 bn. All four business units contributed to this growth. The order backlog climbed by 17.7% in the period under review, also reaching an all-time high of EUR 6.8 bn. This position of strength allows us to be even more selective when bidding for projects. Despite a challenging market environment, EBT increased by 9.9% to EUR 31.2m.

We continue to focus on our strategy of intelligent growth. The acquisitions made in 2017, which enabled us to further improve our market position in Germany, contributed positively to earnings. Furthermore, we strengthened our value chain in the period under review with the acquisition of Tunnel- & Traffic Consulting GmbH – now PORR Infra GmbH – as well as ALPINE Bau CZ a.s. These acquisitions will secure us further strategic advantages in a challenging environment. The realignment in Germany is becoming visible and has already recorded its first successes. In terms of growth, we are outperforming the market although we were not entirely able to sidestep the general industry trend. After all, PORR too is increasingly confronted by skilled labour shortages and the severe price pressure for raw materials, subcontractors and logistics.

We are confident in PORR's future. Our strategy is aligned towards the five stable home markets that hold clear growth prospects. The order books are full. Our business model covers the entire value chain in construction. It allows us to realise complex infrastructure projects under own steam. In the current business year are also focusing on optimising internal processes and the related efficiency increases. For the full year PORR expects production output of at least EUR 5.3 bn as well as good earnings. We remain true to our commitment to the capital market, namely to be a reliable dividend stock.

Vienna, November 2018
The Executive Board

Andreas Sauer
Executive Board Member

Karl-Heinz Strauss
Chief Executive Officer

J. Johannes Wenkenbach
Executive Board Member

ther . working . together . working . together . wor

PORR on the Stock Exchange

Global volatility continues

In the third quarter of 2018 political uncertainty continued to dog the international financial markets, leading to an increase in worldwide volatility. The escalating trade war between the USA and China remained a focal point for investors, while Europe was additionally affected by the faltering Brexit negotiations and Italy's draft budget. Turning to interest rates, at the end of September the Federal Reserve increased prime rates for the third time this year. The ECB continued with its monetary policy, leaving everything unchanged.

The overall picture on the stock markets was mixed. While the leading US index, the Dow Jones Industrial (DJI), closed up by 7.0% against year-end 2017 – thanks to a boost from positive corporate and economic data – the threat of the trade dispute between the USA and the EU had a much more significant impact on export-oriented Europe. Despite growth in the third quarter, the eurozone index EURO STOXX 50 reported a 3.0% decline from year-end 2017. There was a similar development on the DAX, which had to accept a loss of 5.2%. Austria's leading index, the ATX, was unable to make up the negative performance from the first half of the year and closed down by 2.2% at the end of the first nine months despite a strong recovery in the third quarter.

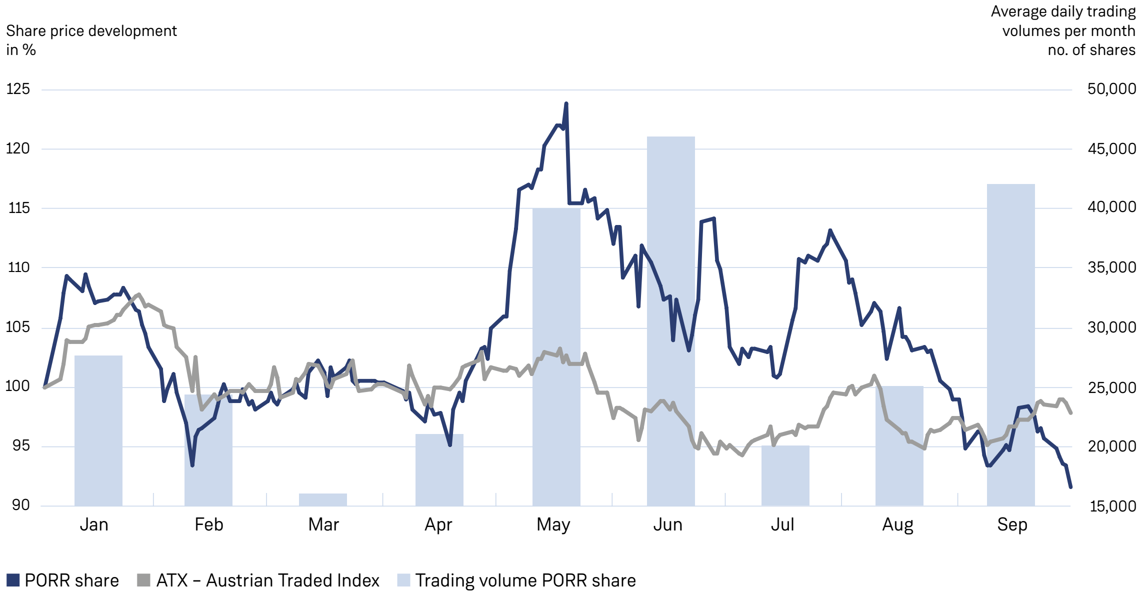
Volatile performance of PORR share

Taking the year as a whole, the performance of the PORR share was consistent with that of the construction industry as a whole. Following its year high of EUR 34.50 in May 2018, when it benefited from the boost that came from the publication of the 2017 results, the momentum faded in the third quarter of 2018, mirroring the European capital markets. Political risks dominated the markets' performance in July and August. Against this backdrop, the PORR share stood at EUR 25.50 on 28 September 2018, a price that was 8.4% below year-end 2017. At the end of the third quarter, PORR's market capitalisation was EUR 741.9m.

International investor base

The syndicate (Strauss Group, IGO-Ortner Group) holds the largest percentage of outstanding shares, totalling 53.7%. The latest analysis from May 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% held by investors in Germany.

Share price and trading volumes of PORR share in the first three quarters 2018 (index)



Highlights

January

Infrastructure orders in Poland

PORR starts the year 2018 with two new orders in Poland with a total order volume of EUR 148m. The design-build project S7 consists of a 21.5km-long segment of an expressway in the north of the country. Once completed, the S7 should link the cities of Gdansk, Warsaw and Krakow. In addition PORR acquires the order to construct a flood control reservoir in the Nysa Kłodzka river basin.

FAIR accelerator complex in Darmstadt

PORR is realising one of the world's largest construction projects for fundamental physics research. The construction of the FAIR particle accelerator in Darmstadt requires the ultimate expertise in both civil engineering and building construction. At the heart of the new plant is a 1.1km-long ring accelerator, which runs 17m below the ground.

February

Bypass in Poland

The bypass for Nowe Miasto Lubawskie is being realised as a design-build tender and has an order volume of EUR 62.1m. The 18km-long section of national road no. 15 should lead to significant improvements in the traffic situation along the transit route and in the city by 2020.

Franklin Tower at railway station Zürich-Oerlikon

PORR SUISSE is building an 80m-high tower at Switzerland's sixth largest railway station. The former industrial quarter is set to be converted into an attractive service centre. The order volume is around EUR 61m.

March

Bosch semiconductor factory in Dresden

PORR is awarded the tender for the new capacity upgrade of the semiconductor factory for Bosch in Dresden. The production facility is set for completion in 2019 and has an order volume of EUR 41.2m.

April

Residential construction in Berlin

In April PORR wins the tender for the project "immergrün" – the construction of six apartment buildings on Thulestrasse in Berlin. Around 400 residential units will be built on a gross floor area of about 59,000m².

PORR is building the Lwowek-Odolanow gas pipeline in Poland.

The S7 bypass is taking shape in Gdansk.

May

Gas pipeline in Poland

A consortium consisting of PORR and Denys NV acquires the tender for the Tworóg-Tworzeń gas pipeline as part of the North-South Gas Corridor, which goes as far as Croatia. The total volume is EUR 68m and the project is co-financed by the EU.

Railway tender in Poland

PORR is charged with modernising the existing railway line Oświęcim–Czechowice–Dziedzice in the south of Poland by PKP PLK S.A. With an order volume of around EUR 116m, this is PORR's largest railway construction order in Poland to date.

Austria's largest tunnelling project

PORR, as part of a consortium, is awarded the largest tunnelling tender in Austria – the Brenner Base Tunnel. This is also the company's largest order in the current business year. The construction lot with a length of around 18km has a pro rata order volume of approximately EUR 531m.

June

Offices in Vienna's Quartier Belvedere

The QBC 1+2 office project is part of the up-and-coming city quarter in Vienna, Quartier Belvedere. In addition to three eight-storey buildings, PORR will also enlarge the underground parking facility for Vienna Central Station.

August

S61 expressway in Poland

The final section of the S61 expressway will be built by a consortium of PORR and UNIBEP S.A. The 23km-long stretch from Szczuczyn to Ełk will be realised as a design-build project and has an order volume of around EUR 92.7m.

Acquisition of ALPINE Bau CZ a.s.

With the acquisition of ALPINE Bau CZ a.s., PORR is strengthening its market position in the Czech Republic and securing key strategic advantages – particularly in road construction.

September

PORR Education Campus

The foundation stone for the PORR Education Campus is laid in Simmering, Vienna in September. This trailblazing pilot project will allow PORR to counter the current lack of skilled labour and to tie specialist workers to the company long-term through attractive further education and training measures.

Building construction in Vienna

Residential construction is booming in Vienna. PORR wins the tender to build the Korso residential complex that includes some commercial space as well. The project involves building a primary school and an underground garage.

ther . interacting . together . interacting . together

Management Report

Economic Environment

Global economic growth slowed in the third quarter due to increasing geopolitical uncertainties, although it still remained at a high level. The International Monetary Fund (IMF) revised its growth forecasts downwards for 2018 and 2019 to 3.7% respectively.

The USA experienced powerful economic growth once again, with real GDP growth in the third quarter reaching an annualised 3.5%. Here consumer spending and the latest tax reform acted as key drivers. The Federal Reserve raised interest rates yet again in light of the stable economy.

Economic growth remained modest in Europe. The political situation in Italy, ongoing uncertainty surrounding Brexit and the trade dispute with the USA cast a cloud over the economic situation and unsettled both companies and consumers. As expected, the European Central Bank (ECB) kept base rates unchanged, although an end to the bond-buying programme is now in sight. In October the IMF reduced its growth forecast for the eurozone to 2.0% p.a. for the years 2018 and 2019. With GDP growth of 1.6% forecast for 2018 in export-oriented Germany, the first signs of an economic slowdown are emerging.

However, the forecast for the Austrian economy was revised upwards. GDP growth is set to reach 2.8% in 2018, bringing it well above the EU average. In light of rising consumer spending, the strong labour market, higher wages and sustainable investments, domestic demand is the main driver behind the growth.

According to the IMF, Poland is the economic powerhouse of the CEE region in 2018 with growth of 4.4%, although this performance is set to slow down due to the acute shortage of skilled labour as well as rising production costs. Growth of around 3% is also expected in the Czech Republic.

The Construction Industry in Europe

The European construction industry continues to find itself in a growth phase, although momentum has slowed against the previous year. Capacity shortfalls in skilled labour coupled with high construction costs have recently dampened expectations. In addition, material and energy costs have increased multiple times compared to the same period in the previous year. In contrast, there have been positive effects from the prevailing low interest rates and increased external and internal migration flows. Against this backdrop, the experts from Euroconstruct expect growth of 2.7% for 2018, with cumulative growth of 6.0% by 2020. A significant contribution is expected from civil engineering, whose pace is set to increase rapidly. Additional investment is anticipated in traffic and transport infrastructure in particular – first and foremost in road and railway construction. Increasing by 4.4%, civil engineering is set to grow faster than building construction (2.3%) for the first time in years in 2018.

Production Output

In the first nine months of 2018 PORR generated production output of EUR 4,055m. In line with expectations, this was EUR 712m or 21.3% higher than the previous year. By far the largest share of production output (48.5%) came from BU 1 – Austria, Switzerland, Czech Republic. Production output increased in every business unit.

BU 1 – Austria, Switzerland, Czech Republic generated production output of EUR 1,966m. The strong market position in Austria and the sharp rise in output on large-scale building construction projects contributed to the growth of EUR 256m or 15.0%. The sharpest increases in Austria were seen in Vienna, Salzburg and Styria. While output in the Czech Republic underwent powerful growth, especially in civil engineering, the rise in Switzerland was mainly attributable to building construction projects.

With production output of EUR 678m, BU 2 – Germany managed to surpass the previous year's figure by EUR 142m or 26.6%. Structural engineering and traffic construction maintained their very high level in the first nine months.

BU 3 – International achieved production output of EUR 1,190m in the period under review. This marked a rise of EUR 279m or 30.5%. PORR has benefited from solid growth in Poland thanks to the inflows from the EU Cohesion Fund as well as increases in tunnelling output.

The production output of BU 4 – Environmental Engineering, Healthcare & Services stood at EUR 179m, therefore growing by EUR 16m or 9.5%. PORR Umwelttechnik was responsible for the largest share of output.

Broken down by country, around 41% of total output was generated in Austria, PORR's most important home market. This was followed by Germany with almost 28% of output and Poland with around 12%. The Czech Republic and Switzerland generated 3.4% and 3.7% respectively. Overall, the home markets were responsible for around 88% of total output.

Order Balance

With an order backlog of EUR 6,837m, PORR set a new record in the first nine months of 2018. This represents a rise of 17.7% against the comparable date for the previous year. In contrast to the first half of the year, the order intake also increased year-on-year, rising by EUR 178m or 4.1% to EUR 4,525m. The strongest growth was achieved by BU 3 – International: on the one hand from the one-off effect of the large-scale Brenner Base Tunnel project acquisition, on the other from the strong growth in Poland. PORR continues to employ a very selective approach to acquiring orders across all business units.

The largest new order for the current business year was the biggest tunnelling tender in Austria's history, acquired in August – the Brenner Base Tunnel. The construction lot with a length of around 18km corresponds to a pro rata order volume of EUR 531m. Other significant projects in Austria included the office project QBC 1+2, numerous residential construction projects and the road construction order for the A2 Südautobahn near Grimmenstein. Multiple projects in residential and industrial construction were acquired in Germany in addition to the FAIR accelerator complex in Darmstadt. PORR was also charged with the extension of the semiconductor factory for Bosch in Dresden and with building the production plant for DeBeukelaer/Griesson in Kahla. Poland reported a strong boost from attractive infrastructure contracts acquired in the third quarter. These included modernising the railway line LK93 between Czechowice Dziedzice and Oświęcim as well as the new construction of the S61 expressway between Szczuczyn and Ełk.

Financial Performance

Revenue rose once again in the period under review, reaching EUR 3,644.4m. This corresponds to a revenue increase of 20.9% or EUR 629.4m against the same period of the previous year. The EUR 25.5m improvement in the share of profit of companies accounted for under the equity method primarily resulted from the higher profits from consortiums (EUR +25.2m). The 19.9% rise in the total cost of materials and staff expense was less pronounced than the increase in revenue despite the higher material costs (+23.7%). On the other hand, expenses for purchased services saw a disproportionately strong year-on-year rise of 25.2%. Overall, the share of revenue accounted for by materials and purchased services climbed by 2.2PP. One significant improvement in the spending structure concerned staff expense – although at EUR 874.6m, it was admittedly higher than the previous year by EUR 125.6m, the share of revenue it accounted for actually sank by 0.8PP to 24.0%. In addition, other operating expenses saw a disproportionately low rise compared to revenue with an increase of 11.7%. This proportionate reduction in expenses led to EBITDA that was EUR 19.5m higher and totalled EUR 130.3m (+17.6% against the previous year's value). Despite the increase in depreciation, amortisation and impairment expense (EUR +10.0m to EUR 87.7m), EBIT climbed to EUR 42.6m in the first nine months of 2018 and was thereby EUR 9.5m or 28.8% higher than in the same period of 2017.

Financing expenses totalled EUR 17.7m and were thereby slightly (EUR +2.6m) above the level of the first nine months of 2017 (EUR 15.1m). Lower interest income, predominantly because of the repayment of a financial investment, led to a EUR 4.2m decrease in the income from financial assets to EUR 6.3m. Overall, the financial result declined by EUR 6.7m to EUR -11.4m. Despite this development, it was possible to achieve a EUR 2.8m improvement in EBT, which totalled EUR 31.2m.

Financial Position and Cash Flows

As of 30 September 2018 the Group's total assets stood at EUR 3,249.7m and thereby increased by EUR 364.9m 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 +37.6m) as well as through the acquisition of an equity interest, whereby the value of the interests held in companies accounted for under the equity method was EUR 21.0m higher than on 31 December 2017. The repayment of a financial investment (UBM mezzanine loan) 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 357.5m 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 expansion of business activities.

Equity decreased in the reporting period because of the dividend payout to shareholders and holders of mezzanine capital (EUR -42.5m), as well as the limited impact from the first-time application of IFRS 15 (EUR -2.6m). As of 30 September 2018 the equity ratio was 17.8%.

The expansion of business activities led to non-current liabilities of EUR 672.8m as of 30 September 2018, which were thereby EUR 85.8m higher than at year-end 2017. Obtaining loans (EUR +97.6m) had a particularly strong impact on the increase. Current liabilities also rose significantly by EUR 297.3m for operational reasons. The largest single item was trade payables, whereby increased business activities also led to an increase of EUR 230.4m to EUR 1,262.5m.

Net debt increased by EUR 312.8m to EUR 460.3m (31 December 2017: EUR 147.4m) as a result of the expansion in business activities and seasonal factors.

The EUR 30.2m higher operating cash flow totalling EUR 90.6m mainly resulted from the increased profit for the period in the first three quarters of 2018 as well as the higher non-cash items in net interest income, the share of profit/loss of companies accounted for under the equity method and deferred taxes.

Cash flow from operating activities outperformed the same period of the previous year and totalled EUR -189.0m, increasing by EUR 182.1m compared to 2017. This improvement resulted both from the higher operating cash flow as well as from the increase in trade liabilities as of 30 September 2018.

In addition there was a significant improvement in cash flow from investing activities, which amounted to EUR -28.3m in the first nine months of 2018 (30 September 2017: EUR -219.3m). The cash flow for the first three quarters 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 in the 2018 reporting period of the UBM mezzanine loan totalling EUR 50.0m had a positive impact on cash flow.

Cash flow from financing activities declined, as there was a higher influx of funds in the comparable period of 2017 from obtaining hybrid capital (EUR +123.4m). In the 2018 reporting period, the inflow from obtaining loans (EUR +347.2m) and a Schuldscheindarlehen (EUR +40.0m) took effect, as did the outflow from redeeming loans (EUR -259.9m), the premature repayment of Schuldscheindarlehen (EUR -63.0m), and dividend payments (EUR -41.3m). Cash and cash equivalents amounted to EUR 164.2m as of 30 September 2018 (30 September 2017: EUR 92.5m).

Investments

In the first nine months of 2018 a larger investment was made in a ballast cleaner in addition to the usual high investments to replace machinery and construction site equipment and to buy new equipment. The detailed audit of investment needs in the entire Group continued 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 period under review PORR employed 18,802 staff members on average. The increase of 1,523 people or 8.8% was primarily caused by acquisitions and the high order backlog at the end of the third quarter. 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

Demand in the European construction sector remains dynamic, reflecting the high order backlogs in the construction industry and the ongoing rise in employment figures. In Germany the 2030 Federal Transport Infrastructure Plan should provide further impetus in the coming years through investment in transport and traffic infrastructure. While moderate growth has been forecast in Austria and Switzerland, construction volumes in CEE countries are set to continue their rapid growth.

Despite the strong momentum in terms of orders, the underlying conditions in Europe are becoming ever more challenging. 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. This trend has been most pronounced in Poland. Here the overheated labour market led to significant wage hikes and bottlenecks in logistics in the first nine months of 2018, with the price rises for commodities and construction materials partly reaching double digits. On the basis of the high order backlog, PORR managed to almost double its production output in Poland in the period under review. What's more, the new orders already reflect the current price level and thereby represent a healthy order situation for the future. That said, PORR was not entirely able to sidestep the negative trend of the construction industry and old orders in Poland are having a negative effect on earnings.

On the basis of the aforementioned assumptions in PORR's home markets as well as the record order backlog, the Executive Board expects an increase in production output to at least EUR 5.3 bn in 2018. In light of the challenges cited, the Executive Board anticipates good earnings for the fiscal year 2018. From today's standpoint, the Executive Board assumes a stable dividend to be paid out for the current business year. Nevertheless, the actual business performance may deviate from current expectations depending on external political and economic factors as well as the seasonal nature of the construction business.

Segment Report

Business Unit 1 – Austria, Switzerland, Czech Republic

Key data

in EUR m	1–9/2018	1–9/2017	Change
Production output	1,966	1,710	15.0%
Order backlog	2,188	2,098	4.3%
Order intake	2,057	2,066	-0.5%
Average staffing levels	8,259	7,719	7.0%

Business Unit 1 – Austria, Switzerland, Czech Republic (BU 1) includes PORR's 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 all of PORR's international markets.

BU 1 increased its production output in the first nine months of 2018 to EUR 1,966m, a rise of 15.0% or EUR 256m. In Austria, the federal provinces of Vienna, Salzburg and Styria were the strongest contributors to this growth. There was similarly sharp year-on-year growth in industrial construction in Germany, large-scale building construction projects, and output in the Czech Republic. BU 1's order backlog was once again at a very high level, standing at EUR 2,188m. It rose by 4.3% or EUR 90m against the previous year. The most important drivers came from Austria, the Czech Republic and structural engineering. A highly selective acquisition policy tailored to the market environment remained a key focal point. In the period under review, the order intake totalled EUR 2,057m, slipping back only slightly from the previous year by 0.5% or EUR 9m. The most important projects in the first nine months included the Franklin Tower office building in Zurich, the general contractor tender for the office building QBC 1+2, acquired in June, and several residential complexes in Vienna.

Based on the good order situation on the three home markets of Austria, Switzerland and the Czech Republic, along with the strong market position in Austria, BU 1 is optimistic about the current year, 2018. The acquisition of ALPINE Bau CZ a.s. including its asphalt mixing plants secures major strategic advantages in the Czech Republic. At the same time, PORR has managed to acquire qualified personnel, enabling it to benefit even more effectively from future opportunities in traffic and transport construction. PORR is countering the tense market situation, which continues to be characterised by an increasing shortage of skilled labour coupled with rising construction costs, through a selective project acquisition policy as well as by securing subcontractor services early on – even before concluding contracts with clients.

Business Unit 2 – Germany

Key data

in EUR m	1–9/2018	1–9/2017	Change
Production output	678	536	26.6%
Order backlog	1,609	1,077	49.4%
Order intake	788	952	-17.2%
Average staffing levels	2,408	1,899	26.8%

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 of BU 2 reached EUR 678m in the period under review and was thereby EUR 142m or 26.6% higher than the previous year's figure. This primarily reflected the high order backlog at year-end 2017. The output increases were mainly generated by structural engineering and PORR Oevermann. All of the other regional centres also contributed to the rise in output.

BU 2 once again reported a significantly increased order backlog of EUR 1,609m, some of which came from the previous year's acquisitions. This was much higher than the previous year, increasing by 49.4% or EUR 532m. The order intake reached EUR 788m, marking a decline of 17.2% or EUR 164m. PORR acquired multiple large-scale orders such as the FAIR accelerator complex in Darmstadt, numerous residential construction projects in Munich, Berlin and Erfurt, as well as the construction of the A31 near Dörpen.

Despite the increase in orders, the market environment in the construction industry is becoming ever more challenging. On the one hand, demand for construction services is at a very high level – there is a huge backlog in investments in traffic and transport construction and the ongoing low-interest-rate environment continues to drive the construction boom. On the other hand, skilled-labour shortages and supply bottlenecks for subcontractors are limiting further growth. What's more, increasing price pressure is being felt on the labour market. In the first half of 2018 gross wages in the German construction industry rose by as much as 6.6% – the sharpest rise since 2007. In order to counteract these developments, PORR has initiated a realignment in Germany that has already started to take hold. In May all building construction activities were bundled along regional lines. The focus here is on improving efficiency in operational processes as well as achieving more streamlined management structures. In addition to a selective approach to new projects, PORR is also conducting continuous risk analysis when realising projects in order to guarantee a sustainable performance.

Business Unit 3 – International

Key data

in EUR m	1–9/2018	1–9/2017	Change
Production output	1,190	911	30.5%
Order backlog	2,775	2,408	15.3%
Order intake	1,405	1,092	28.6%
Average staffing levels	5,381	5,034	6.9%

Business Unit 3 – International (BU 3) covers the markets of Poland, the Nordic region, Qatar, Slovakia, Romania, the UK and projects in other future target countries. These are complemented by competencies in tunnelling, railway construction and bridge construction. In Poland and Romania BU 3 is responsible for building construction and civil engineering, while in Poland PORR is additionally active in foundation engineering.

The production output of BU 3 climbed to EUR 1,190m and was thereby EUR 279m or 30.5% higher than the previous year's figure. Significant drivers were Poland and the tunnelling division, which made the largest contribution to output. The order backlog increased to EUR 2,775m, a rise of 15.3% or EUR 367m. The order intake grew by 28.6% or EUR 313m to EUR 1,405m. In the third quarter PORR, in a consortium, was awarded the tender for the largest construction lot in Austria's history – the Brenner Base Tunnel. Added to this were two major traffic construction tenders: the S61 expressway and the Oświęcim–Czechowice-Dziedzice railway line in the south of Poland.

Demand in Poland continues unabated, mainly because of the EU cohesion policy. Nonetheless, out of all of PORR's home markets, the region is the most severely affected by cost pressure and the acute lack of resources. The overheated job market is driving wage growth at the same time as costs for material and logistics are steadily increasing, with some rises in the double-digit range. This remains the largest challenge faced by BU 3. That said, the high order backlog allows PORR to be highly selective in bidding for new projects. PORR remains committed in Qatar and is cautiously monitoring emerging opportunities on the market.

Business Unit 4 – Environmental Engineering, Healthcare & Services

Key data

in EUR m	1–9/2018	1–9/2017	Change
Production output	179	163	9.5%
Order backlog	202	124	63.4%
Order intake	256	171	50.5%
Average staffing levels	1,487	1,460	1.8%

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

BU 4's production output rose in the first nine months of 2018 to EUR 179m, increasing by 9.5% or EUR 16m year-on-year. The performance of the order backlog was highly satisfactory, as it totalled EUR 202m – an increase of 63.4%. The order intake of EUR 256m was also significantly higher than the previous year, with growth of 50.5% or EUR 85m. One of the largest new orders was for the demolition works on the A1 Rheinbrücke as well as environmental measures relating to the Semmering Base Tunnel.

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. This enables the Group to optimally exploit opportunities, especially in the general contractor and design-build sectors.

ther . steering . together . steering . together . ste eering . together . steering . together . steering . to

Interim Consolidated Financial Statements as of 30 September 2018

These interim consolidated financial statements of the PORR Group have been prepared in accordance with the rules of the Vienna Stock Exchange under application of the accounting and measurement methods used in the consolidated financial statements as of 31 December 2017 and the standards applicable for the first time since 1 January 2018, especially IFRS 15 and IFRS 9. They consist respectively of a condensed statement of financial position, an income statement, a statement of comprehensive income, a cash flow statement and a condensed statement of changes in Group equity.

Consolidated Income Statement

in EUR thousand	**1–9/2018**	**1–9/2017**	**7–9/2018**	**7–9/2017**
Revenue	3,644,443	3,015,093	1,421,205	1,243,878
Own work capitalised in non-current assets	2,783	3,283	1,968	1,904
Share of profit/loss of companies accounted for under the equity method	56,831	31,298	32,113	12,680
Other operating income	136,702	110,805	41,298	33,718
Cost of materials and other related production services	-2,548,054	-2,043,002	-1,049,148	-859,365
Staff expense	-874,602	-749,039	-318,550	-281,408
Other operating expenses	-287,789	-257,610	-70,985	-97,512
EBITDA	**130,314**	**110,828**	**57,901**	**53,895**
Depreciation, amortisation and impairment expense	-87,687	-77,737	-29,925	-29,220
EBIT	**42,627**	**33,091**	**27,976**	**24,675**
Income from financial investments and other current financial assets	6,282	10,446	1,454	3,445
Finance costs	-17,714	-15,148	-4,840	-3,701
EBT	**31,195**	**28,389**	**24,590**	**24,419**
Income tax expense	-7,908	-7,049	-6,863	-6,030
Profit for the period	**23,287**	**21,340**	**17,727**	**18,389**
of which attributable to shareholders of the parent	20,518	18,977	16,614	17,416
of which attributable to holders of profit-participation rights	1,998	1,998	666	666
of which attributable to non-controlling interests	771	365	447	307
Basic (diluted) earnings per share, total (in EUR)	**0.71**	**0.66**	**0.57**	**0.61**

Statement of Comprehensive Income

in EUR thousand	1–9/2018	1–9/2017	7–9/2018	7–9/2017
Profit for the period	**23,287**	**21,340**	**17,727**	**18,389**
Other comprehensive income				
Measurement of equity instruments	-1,274	-	91	-
Income tax expense (income) on other comprehensive income	319	-1,162	-22	-2
Other comprehensive income which cannot be reclassified to profit or loss (non-recyclable)	**-955**	**3,507**	**69**	**461**
Exchange differences	1,567	-2,692	1,947	-2,240
Gains from fair value measurement of securities	-	764	-	865
Gains/losses from cash flow hedges				
in the year under review	48	29	229	-145
reclassified into profit or loss	-	-	-	-
Income tax expense (income) on other comprehensive income	-12	-198	-57	-180
Other comprehensive income which can subsequently be reclassified to profit or loss (recyclable)	**1,603**	**-2,097**	**2,119**	**-1,700**
Other comprehensive income	**648**	**1,410**	**2,188**	**-1,239**
Total comprehensive income	**23,935**	**22,750**	**19,915**	**17,150**
of which attributable to non-controlling interests	753	340	461	393
Share attributable to shareholders of the parent and holders of profit-participation rights	**23,182**	**22,410**	**19,454**	**16,757**
of which attributable to holders of profit-participation rights	1,998	1,998	666	666
Share attributable to shareholders of the parent	**21,184**	**20,412**	**18,788**	**16,091**

Consolidated Statement of Financial Position

in EUR thousand	30.9.2018	31.12.2017
Assets		
Non-current assets		
Intangible assets	136,212	139,916
Property, plant and equipment	650,392	612,760
Investment property	70,715	70,259
Shareholdings in companies accounted for under the equity method	82,778	61,818
Loans	26,421	23,792
Other financial assets	41,941	94,557
Other non-current financial assets	20,239	24,555
Deferred tax assets	15,860	9,487
	1,044,558	**1,037,144**
Current assets		
Inventories	86,470	74,739
Trade receivables	1,791,713	1,301,576
Other financial assets	124,242	97,924
Other receivables and current assets	32,875	9,136
Cash and cash equivalents	164,248	358,707
Assets held for sale	5,563	5,564
	2,205,111	**1,847,646**
Total assets	**3,249,669**	**2,884,790**

Equity and liabilities		
Equity		
Share capital	29,095	29,095
Capital reserves	251,287	251,287
Hybrid capital	154,819	155,318
Other reserves	97,747	115,466
Equity attributable to shareholders of the parent	**532,948**	**551,166**
Equity from profit-participation rights	41,958	42,624
Non-controlling interests	3,957	3,248
	578,863	**597,038**
Non-current liabilities		
Bonds and Schuldscheindarlehen	230,817	233,639
Provisions	145,620	146,410
Non-current financial liabilities	244,743	147,096
Other non-current financial liabilities	2,893	4,433
Deferred tax liabilities	48,768	55,486
	672,841	**587,064**
Current liabilities		
Bonds and Schuldscheindarlehen	47,959	67,663
Provisions	113,762	130,339
Current financial liabilities	100,988	57,738
Trade payables	1,262,480	1,032,040
Other current financial liabilities	37,096	21,372
Other current liabilities	396,456	367,572
Tax payables	39,224	23,964
	1,997,965	**1,700,688**
Total equity and liabilities	**3,249,669**	**2,884,790**

Consolidated Cash Flow Statement

in EUR thousand	1–9/2018	1–9/2017
Profit for the period	23,287	21,340
Depreciation, impairment and reversals of impairment on fixed assets and financial assets	87,968	79,049
Interest income/expense	12,947	4,436
Income from companies accounted for under the equity method	-11,854	-11,570
Dividends from companies accounted for under the equity method	7,399	1,976
Losses/profits from the disposal of fixed assets	-12,320	-10,186
Decrease in long-term provisions	-4,733	-665
Deferred income tax	-12,072	-24,000
Operating cash flow	**90,622**	**60,380**
Decrease in short-term provisions	-16,071	-28,073
Increase in tax provisions	17,322	28,873
Increase in inventories	-11,768	-8,649
Increase in receivables	-544,841	-462,914
Increase in payables (excluding banks)	275,963	39,831
Interest received	8,370	10,994
Interest paid	-10,145	-8,736
Other non-cash transactions	1,592	-2,736
Cash flow from operating activities	**-188,956**	**-371,030**
Proceeds from the disposal of intangible assets	38	28
Proceeds from sale of property, plant and equipment and disposal of investment property	21,177	36,707
Proceeds from the sale of financial assets	2,011	120
Proceeds from repayment of loans	802	121
Investments in intangible assets	-693	-5,850
Investments in property, plant and equipment and investment property	-80,957	-116,970
Investments in financial assets	-17,658	-370
Investments in loans	-3,434	-556
Payouts for financial investments	-	-45,000
Repayment of other financial assets	50,000	-
Proceeds from the sale of consolidated companies	1,392	-
Payouts for the purchase of subsidiaries less cash and cash equivalents	-970	-87,543
Cash flow from investing activities	**-28,292**	**-219,313**
Dividends	-41,305	-34,430
Payouts to non-controlling interests	-1,160	-1,020
Proceeds from Schuldscheindarlehen	40,000	-
Repayment of Schuldscheindarlehen	-63,000	-
Obtaining loans and other financing	347,153	165,915
Redeeming loans and other financing	-259,926	-46,714
Hybrid capital	-	123,412
Acquisition of non-controlling interests	-115	-
Cash flow from financing activities	**21,647**	**207,163**
Cash flow from operating activities	**-188,956**	**-371,030**
Cash flow from investing activities	**-28,292**	**-219,313**
Cash flow from financing activities	**21,647**	**207,163**
Change to cash and cash equivalents	**-195,601**	**-383,180**
Cash and cash equivalents as of 1 Jan	358,707	476,430
Currency differences	-1,173	-753
Changes to cash and cash equivalents resulting from changes to the consolidated group	2,315	-
Cash and cash equivalents as of 30 Sep	**164,248**	**92,497**
Tax paid	2,589	2,090

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 as of 1 Jan 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	-	-	-	-	-	-
Income tax on interest for holders of hybrid/mezzanine capital	-	-	-	-	-	-
Hybrid capital	-	-	-	-	-	-
Changes to the consolidated group/ acquisition of non-controlling interests	-	-	-	-	-	-
Balance as of 30 Sep 2017	**29,095**	**251,287**	**12,426**	**-27,262**	**-**	**86**

Balance as of 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 as of 1 Jan 2018	**29,095**	**251,287**	**7,723**	**-27,286**	**-**	**1,240**
Total profit/loss for the period	-	-	-	-	-	-
Other comprehensive income	-	-	94	-	37	1,370
Total comprehensive income for the period	**-**	**-**	**94**	**-**	**37**	**1,370**
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 as of 30 Sep 2018	**29,095**	**251,287**	**7,817**	**-27,286**	**37**	**2,610**

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
-	-	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
-	-	-	500	500	-	-	500
-	-	123,809	-	123,809	-	-	123,809
-	-	-	245	245	-	1,334	1,579
301	-633	154,865	88,055	508,220	41,958	3,882	554,060
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
-	-	6,376	14,142	20,518	1,998	771	23,287
-	36	-	-871	666	-	-18	648
-	36	6,376	13,271	21,184	1,998	753	23,935
-	-	-6,875	-31,766	-38,641	-2,664	-1,160	-42,465
-	-	-	2,093	2,093	-	-	2,093
-	-	-	-	-	-	1,194	1,194
-	-	-	-241	-241	-	-78	-319
-	-593	154,819	115,162	532,948	41,958	3,957	578,863

Financial Calendar

29.11.2018	**Publication** Interim Report on the 3rd Quarter 2018
6.2.2019	**Interest payment** PORR Corporate Bond 2014/2 (hybrid bond)
29.4.2019	**Publication** Annual Report 2018
29.4.2019	**Press conference** on the Annual Report 2018
28.5.2019	**Publication** Interim Report on the 1st Quarter 2019
29.5.2019	**139th Annual General Meeting**
4.6.2019	**Ex-dividend trading** on the Vienna Stock Exchange
5.6.2019	**Dividend record date**
6.6.2019	**Dividend payout day** for the fiscal year 2018
29.8.2019	**Publication** Half-Year Report 2019
28.10.2019	**Interest payment and redemption** PORR Corporate Bond 2014/1 (senior bond)
28.10.2019	**Interest payment** PORR Corporate Bond 2014/2 (hybrid bond)
28.11.2019	**Publication** Interim Report on the 3rd Quarter 2019

Contact

Investor Relations and Strategy
ir@porr-group.com
Corporate Communications
comms@porr-group.com

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

Acknowledgements

Media proprietor
PORR AG
1100 Vienna, Absberggasse 47
T +43 50 626-0
office@porr-group.com
porr-group.com

Concept, text, design and editing
PORR AG
Investor Relations and Strategy
Corporate Communications
be.public Corporate & Financial Communications, Vienna

Photos
PORR AG

Disclaimer

This quarterly 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 quarterly 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 quarterly 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.

nteracting . together . interacting . together . inter
ting . together . interacting . together . interacting
. together . interacting . together . interacting . to
ether . interacting . together . interacting . togeth
interacting . together . interacting . together . inte
eracting . together . interacting . together . interac
g . together . interacting . together . interacting . t
ether . interacting . together . interacting . togeth
interacting . together . interacting . together . inte
eracting . together . interacting . together . interac
g . together . interacting . together . interacting . t
ether . interacting . together . interacting . togeth
nteracting . together . interacting . together . inter
ting . together . interacting . together . interacting
together . interacting . together . interacting . toge
er . interacting . together . interacting . zu. interac