

Quarterly Report 1/2008



The future is our tradition



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Dear shareholders,

In the first quarter the economic situation on the European construction market remained promising. Despite the general economic downturn owing to the current situation on the international markets, the different economic areas are only variably affected.

With regard to construction demand in Austria, we continue to be optimistic about the future, thanks to the major planned investments in the infrastructure segment. On this basis we also have corresponding expectations regarding earnings in the coming years.

The good figures for the PORR Group in the first quarter can be traced back to our strategy for qualitative growth, with the primary aim of developing high-margin market segments instead of high revenues with modest earnings. With this in mind, it is PORR's declared aim to use every possible opportunity to extend the value creation chain in construction-related service provision.

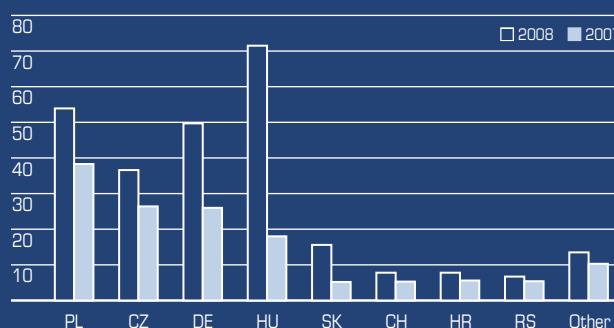
Growth rates in the eastern European markets continue to outperform those in Austria by a wide margin, as the high real demand in the infrastructure sector markedly outweighs the current situation on the financial markets. This demand is a result of the tight budget situation in eastern European states as well as the pressing need to catch up with western Europe.

The energy sector in particular is playing an increasingly important role for the PORR Group, as the energy demand in the emerging markets of eastern Europe is increasing rapidly. We have wide expertise in this segment and intend to be not only a construction service provider in the energy sector, but also to work together with strategic partners as an investor and operator. To this end in April 2008 we founded PORR Energy: On the one hand this acts as a competence centre bundling our complete expertise in energy questions, on the other hand this company acts as Group-internal coordination unit. This should ensure that despite the complex challenges in the energy sector we are ideally positioned to offer our customers the best possible approaches and solutions.

Production output

In the first quarter of 2008, the PORR Group managed to increase production output by 26.7 percent or EUR 115.9 m against last year, to EUR 549.2 m. Of this total, EUR 286.1 m was generated in Austria, just over 50 percent of the share of total output. While foreign production output rose by 87.3 percent to EUR 263.1 m, the PORR Group saw a slight fall on the domestic market, slipping back by minus 2.3 percent on last year.

Distribution of foreign output as of 31st March 2008 by country in EUR million

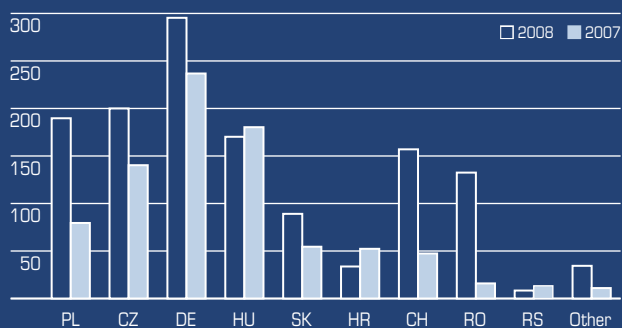


The share accounted for by foreign production output – just under fifty percent of total output – along with the order situation, confirms the strategic focus of the PORR Group to search out market opportunities in the neighbouring EU countries in addition to the domestic market.

In the first quarter of 2008 the PORR Group in Hungary generated the current highest output volume outside of Austria at EUR 71.5 m (a 297.2 percent rise on 2007) because of motorway projects. Major projects in office buildings, high-rise construction and hotel construction are responsible for the 40.7 percent rise in Poland, from EUR 38.3 m to EUR 53.9 m. The project start of the new construction of the British Embassy in Warsaw, budgeted at EUR 24.8 m, also represents the largest new project in the first quarter. Improvements in the economic situation in Germany, and with it the recovery of the construction industry, also had an effect on figures for the quarter. Thanks to increased demand in office building and in the infrastructure sector, last year's amount of EUR 26.0 m almost doubled to EUR 49.7 m. In the Czech Republic PORR increased output by 38.6 percent to EUR 36.6 m. From several large projects in office and commercial building, output in Slovakia rocketed from EUR 5.2 m to EUR 15.6 m. The PORR Group also had an excellent start to the year in Switzerland, increasing volume by 46.6 percent to EUR 7.8 m.

The building construction segment remained decisive in generating volume in the first quarter of 2008, accounting for a 46.8 percent share of the Group's total production output. At EUR 257.1 m, a rise of EUR 71.2 m, or 38.3 percent was generated against 2007 (EUR 185.9 m). The civil engineering segment saw a rise of 48.0 percent on last year, increasing production output from EUR 138.0 m to EUR 204.2 m; here

Distribution of foreign order situation as of 31st March 2008 by country in EUR million



tunnel construction (EUR 40.8 m) and bridge and fly-over construction (EUR 55.3 m) proved to be the strongest individual sectors.

Current order situation

Despite the turbulent start to the year on the world stock exchanges, the construction economies in the PORR Group's target markets are continuing their rapid growth. The realisation of essential infrastructure projects of every kind, along with strong demand in the office and commercial building sector mean that there is an excellent environment for 2008 to see high output levels, which is expected to remain in the following years. The PORR Group is ideally placed to play a successful role in these developments, thanks to the consistent long-term strategy of strengthening our presence as a cross sector provider in growing European markets in addition to the Austrian domestic market.

As of 31st March 2008, the order receipts for the current year amount to EUR 785.3 m, thereby exceeding the comparative value of 2007 (EUR 621.5 m) by 26.4 percent, of which both domestic at EUR 484.7 m and also foreign order receipts at EUR 300.7 m, are far higher than last year's figures. The most significant order receipts outside Austria came from Germany (EUR 115.3 m), Poland (EUR 93.9 m) and the Czech Republic (EUR 68.4 m).

The already high level of orders at the turn of the year 2007/2008 of EUR 2.4451 bn increased to EUR 2.6812 bn, thereby exceeding last year's order situation by 21.8 percent. As at the turn of the year, almost half of this amount comes from foreign markets. 67.8 percent or EUR 1.8188 bn of this current order backlog will be processed this year, of which

EUR 970.3 m will be in Austria and EUR 848.5 m abroad. Divided by segment, the current order balance in the building construction segment amounts to EUR 1.0632 bn – a rise of 22.0 percent against last year. In civil engineering there is an increase of 21.1 percent to EUR 1.267 bn. Based on these figures and the economic backdrop for 2008, the PORR Group expects further output growth to surpass the record year of 2007, hence breaking through the 3-billion-euro barrier looks probable.

Personnel

In the first three months of 2008, the PORR Group employed an average of 10,865 staff, equivalent to 1,072 staff more than in 2007.

The average employment figures of waged workers rose by 9.1 percent to 6,546. The good order situation of the PORR Group and the respective workload even during the winter months of 2007/2008, necessitated building up the skilled workforce in the waged sector with an extra 409 skilled labourers in Austria and an additional 135 abroad. With a growth rate of 33.6 percent abroad and a rise of 4.4 percent in Austria, the average number of salaried employees rose to 4,320 (+14 percent). Above all, this development reflects the increase in the Group's foreign activities. The rise in the workforce is however disproportionately low compared to the increase in output, accounted for by the increase in using subcontractors for construction services.

Earnings situation

It is characteristic in the construction industry that expenses exceed earnings in the first months of the year. High overheads from staff and machinery cannot be covered completely by relatively low earnings on account of lower construction output. Rising output volumes during the following months improve this situation and lead first to balanced and then to positive results. The first quarter of 2008 saw an increase in output against 2007 and with it additional revenues.

Because the PORR Group has been pursuing a more selective acquisition policy in recent times thanks to the good order situation, we have succeeded in passing on a higher amount of the additional expenses for raw materials, energy and even subcontractor services to the customer. In connection with the positive effects from current restructuring and synergy processes, the PORR Group managed to improve EBT for the first quarter of 2008 to EUR –3.9 m (previous year EUR –4.0 m).

Outlook for 2008

Production output 2008

The main growth areas for the construction industry within Europe will continue to be the countries of central, eastern and south-eastern Europe. Thanks to our excellent market positioning in the CEE area, the PORR Group is ideally placed to continue to focus on qualitative growth arising from the realisation of necessary infrastructure projects in these PORR target countries and from the high demand in the office and high-rise construction sectors. The Austrian market will also continue to provide a basis for this growth with unchanged volume, as investments in infrastructure have increased dramatically after a long period of stagnation. We predict production output to rise to around EUR 3 bn in the current fiscal year, of which a little more than half of this volume will be generated in Austria.

Earnings situation 2008

After a record order situation at the beginning of 2008, the current fiscal year has also begun with high levels of order receipts, which provide solid grounds for expecting further positive developments.

An active cost management system along with increased focus on profitable projects at home and abroad will lead to further increases in the PORR Group's earnings.

Vienna, May 2008

The Executive Board

Major new orders for the PORR Group in the first quarter of 2008

New construction of the British Embassy in Warsaw (Poland) by Porr (Polska) S.A.
New construction of Siemens City Vienna in Vienna by Porr Projekt und Hochbau AG
Concrete construction for the Koralm railway, Lot 5 by Porr Technobau und Umwelt AG
Erecting the office building Park Postepu in Warsaw (Poland) by Porr (Polska) S.A.
Building the university campus in Vienna in a joint venture with Porr Projekt und Hochbau AG
Turn-key hotel construction of the Park Inn in Krakov (Poland) by Porr (Polska) S.A.
Construction of large sewage treatment plant in Leibnitz/Styria by TEERAG-ASDAG AG
Construction of high-rise residential building (54 storeys) Zlota 44 in Warsaw (Poland) by Porr (Polska) S.A.
Office construction in Budapest (Hungary) by Porr Építési Kft.
Erecting two interim storage facilities for oil-contaminated material in Bucharest (Romania) by Porr Construct S.R.L.
Construction of overhead contact lines for Deutsche Bahn (German Railways) in Berlin (Germany) by European Trans Energy GmbH
Diaphragm wall works Keleti Pályaudvar in Budapest (Hungary) by Porr Építési Kft.

Disclaimer

This quarterly report (interim notice in accordance with Stock Exchange Act § 87 para. 6) also contains statements relating to the future which are based on estimates and assumptions 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 going to press. Actual results may differ from the forecast if they are shown to be based on inaccurate assumptions or are subject to unforeseen risks.

Every care has been taken to ensure that all information contained in every part of this quarterly report is accurate and complete. We regret that we cannot rule out possible round-off, typesetting and printing errors.

Key data quarter 1 / 2008

PORR Group

	1st Quarter 2008	Change	1st Quarter 2007
Values in EUR million			
Group output	549.2	+26.7%	433.3
of which domestic	286.1	-2.3%	292.8
of which foreign	263.1	+87.3%	140.5
Foreign share of total output in %	47.9	+15.5 PP	32.4
Total order receipts	785.3	+26.4%	621.5
of which domestic	484.7	+19.3%	406.2
of which foreign	300.7	+39.7%	215.3
Total order balance	2,681.2	+21.8%	2,201.6
for the rest of the current year	1,818.8	+24.0%	1,466.4
for subsequent years	862.4	+17.3%	735.2
Domestic order balance	1,370.8	+0.0%	1,370.2
for the rest of the current year	970.3	+7.8%	900.3
for subsequent years	400.5	-14.8%	469.9
Foreign order balance	1,310.4	+57.6%	831.4
for the rest of the current year	848.5	+49.9%	566.1
for subsequent years	461.9	+74.1%	265.3
Average staffing level	10,865	+10.9%	9,793
of which waged workers	6,545	+9.1%	6,002
of which salaried employees	4,320	+14.0%	3,791
Staffing level at end of quarter	11,676	+10.1%	10,607
of which waged workers	7,338	+8.6%	6,756
of which salaried employees	4,338	+12.6%	3,851

Title page

Black and white photography: Johannesgasse 1, Wien, 1962

Colour photography: Arnoldstein thermal treatment plant, Carinthia, 2002

Staff member in the foreground: Özgün Hasan

Selected PORR Group construction projects in the first quarter of 2008

	Sector	Location	Country
Porr Projekt und Hochbau AG (PPH) Building construction			
Helferstorferstraße Office Complex*	Office and commercial buildings	Vienna	Austria
New construction of Siemens City Vienna*	Office and commercial buildings	Vienna	Austria
Office building Handelskai 348-Catamaran*	Office and commercial buildings	Vienna	Austria
Building the university campus*	Office and commercial buildings	Vienna	Austria
Prager Gasse Residential complex	Residential construction	Purkersdorf	Austria
Extension of maintenance hangar 2/Pr	Misc. Building construction	Zeltweg	Austria
Parkhotel Schwabing*	Office and commercial buildings	Munich	Germany
Textorial Park	Office and commercial buildings	Lodz	Poland
New construction British Embassy	Office and commercial buildings	Warsaw	Poland
Turn-key hotel construction of the Park Inn	Office and commercial buildings	Krakov	Poland
Erecting the office building Park Postepu	Office and commercial buildings	Warsaw	Poland
Construction of high-rise residential building (54 storeys) Zlota 44	Residential construction	Warsaw	Poland
Campus Office Park	Office and commercial buildings	Brno	Czech Rep.
Porr Technobau und Umwelt AG (PTU) Civil engineering			
DB Traismauer Lot 2*	Road construction	Traismauer	Austria
Wettmannstätten railway bridge*	Bridge construction	Wettmannstätten	Austria
Extension of the Dürrrohr waste incinerating plant	Misc. civil engineering	Zwentendorf	Austria
Concrete construction for the Koralm railway Lot 5	Rail construction	Graz	Austria
voestalpine Block 7*	Misc. civil engineering	Linz	Austria
Canalisation S2*	Misc. civil engineering	Wien	Austria
380 KV-utility lines	Cable construction	Graz	Austria
Coal stockyard Staudinger power plant*	Misc. civil engineering	Munich	Germany
Coolant pipe, Irsching power plant	Misc. civil engineering	Munich	Germany
Motorway M7	Road construction	Zalkomár	Hungary
Petrom environmental storage for oil-contaminated material	Misc. civil engineering	Bucharest	Romania
Biel by-pass	Misc. civil engineering	Biel	Switzerland
Engelsberg viaduct	Misc. civil engineering	Engelsberg	Switzerland
TEERAG-ASDAG AG (T-A)			
Construction of large sewage treatment plant in Leibnitz*	Misc. civil engineering	Leibnitz	Austria
Earth moving, Danube Bridge South*	Road construction	Traismauer	Austria
Tauern Tunnel sealing 2nd tunnel	Misc. civil engineering	Flachau	Austria
Schussbachgraben-Angertal	Misc. civil engineering	Bad Hofgastein	Austria
Mellach hydropower plant*	Misc. civil engineering	Kematen	Austria
Landeck bridge*	Misc. civil engineering	Landeck	Austria
Recycling collection plant Eggendorf	Misc. civil engineering	Eggendorf	Austria
Siegendorf terraced houses	Residential construction	Siegendorf	Austria
Renovating Landesstraße 62	Road construction	Warsaw	Poland

* realised as part of joint venture

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