# REPORT ON THE 1ST QUARTER **2013**

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# Stable growth in the 1st quarter of 2013

**Dear shareholders and respected business associates,**

In the first quarter of 2013 PORR was able to push ahead with the successful strategy introduced in the previous year. The concentration on the home markets of Austria, Germany, Switzerland, Poland and the Czech Republic facilitated a stable business performance in the first three months – even despite the unfavourable weather conditions which necessitated a comparatively late start to the building season. The construction market on the home markets was characterised by further growth in building construction, while the number of civil engineering projects in the first quarter 2013 still lagged behind the levels of 2008. Although a positive trend was observed on the project-related markets in the SEE region, there continues to be no ongoing alleviation of the situation in sight. This development once again validates PORR's strategy of placing a clear focus on the home markets.

In the 2012 business year the first positive effects of the measures introduced in the course of the cost-cutting and optimisation programme, **fit**for**future**, were reflected in earnings. The measures to simplify structures, optimise processes and cut costs will continue to be driven forward in 2013. Streamlining processes in the administrative areas and Shared Services led to a significant decrease in material, project and structural costs. The step-by-step rollout of **fit**for**future** to construction site management in the current year will have a positive impact on the financial position and cash flows of the Group.

## Production output

In the first three months of 2013, PORR generated production output of EUR 482m, representing an increase of EUR 33m or 7.4% on the first quarter 2012. The quarter was characterised by an unusually long period of cold weather and heavy snowfall across many parts of Central Europe. The fact that there were only one-off construction delays related to the bad weather and that no deadlines were pushed back on construction projects is thanks to the immense personal efforts of the staff, who proved their abilities in the face of adverse circumstances in the first quarter 2013.

The share of production output accounted for by the five home markets (D, A, CH, PL, CZ) was once again over 90%. Austria remained the most important market by some margin.

## Order Backlog

The year also began well with regard to acquisitions. Order bookings were slightly below the high value of the previous year and totalled EUR 593m despite the unfavourable weather conditions. At the reporting date March 31st 2013, the order backlog amounted to EUR 3,484m and was therefore EUR 554m or 18.9% higher than the comparative value from the previous year. The full order books, which achieved an all-time high at the end of 2012, mean that the Group's capacity is fully utilised.

All home markets except the Czech Republic saw significant growth in their order backlogs. The large-scale railway orders had a particularly positive effect on Germany. The Czech Republic approached the level of the previous year with just a slight decline. Order bookings increased in Austria, Switzerland and Poland, while the large-scale orders booked in Germany last year are now being worked off and a highly selective approach to the acquisition of new infrastructure orders is in place, owing to capacity reasons.

## Staff

In the first quarter 2013, PORR employed 9,338 staff members on average, representing a slight decrease on the previous year of 29 people or 0.3%. In terms of seasonality, staffing levels were far below the 2012 average.

The Group considers targeted HR marketing a top priority, particularly with regard to the international markets. Increased activity in this region has also affected the work of the HR development team. Demand has risen within the company for highly qualified staff and managers who can operate confidently in a complex and competitive environment such as Qatar or Saudi Arabia.

### Financial Performance

The construction industry traditionally generates lower levels of construction output in the first three months than in the year as a whole, leading to lower earnings levels. The reason for this is a specific feature of the construction sector: the fixed costs for staff and machinery significantly impact earnings in the first quarter, while the earnings curve then rises sharply throughout the course of the year thanks to an increase in construction output.

In the operational business PORR is pursuing growth in earnings which lies within budget forecasts. Given the current backdrop and assuming that there is no further economic decline, the Executive Board expects the Group will continue to achieve stable earnings by the end of the year.

### Outlook

PORR is optimistic about the 2013 business year. In addition to the high order backlog, which guarantees solid output for years to come, expectations are positive in view of the buoyant demand, strong tender processing and the forecasts for construction growth on the home markets. Austria, Germany and Switzerland will also see increases in building construction in the coming years – and this from an already high level. In these countries civil engineering is far less affected by budget restrictions than in most CEE/SEE countries.

The two home markets of Poland and the Czech Republic continue to show good growth potential and in certain construction sectors the growth rates were far higher than in the German-speaking countries. Here PORR is benefiting from having extended its market presence in recent years. This positive outlook is complemented by individual infrastructure projects in Eastern and South-Eastern Europe as well as the work on the international markets of Qatar, Oman, Saudi Arabia and Turkey.

Throughout the course of 2013 PORR will continue to pursue intelligent growth in its core competencies. The focus remains on the classic construction business on the home markets and infrastructure projects in the CEE/SEE region and on the international markets; these are complemented by the real estate division.

PORR is and will remain a classic construction group which builds as much as possible itself, providing its own up-front project development and follow-up services. In the real estate division, the Group has a “cherry picking” strategy and aims to optimise the property portfolio, which will have a positive long-term impact on the Group’s debt. Following the significant reduction in net debt last year, PORR is striving for ongoing improvements in its financial figures in 2013.

# Projects

| | Location | Country |
|---|---|---|
| **Business Unit 1 – DACH** | | |
| DC Living residential complex | Vienna | Austria |
| Styria Media Center | Graz | Austria |
| Vienna International Airport, runway resurfacing 2013 [1] | Schwechat | Austria |
| Wedel Industrial Park | Wedel | Germany |
| Hard Turm Park-lot A2 | Zurich | Switzerland |
| | | |
| **Business Unit 2 – CEE/SEE** | | |
| Business Garden Posen | Poznań | Poland |
| Nimbus office building | Warsaw | Poland |
| Shopping Center Ogrody | Elbląg | Poland |
| | | |
| **Business Unit 4 – Infrastructure** | | |
| Vienna Central Station [1] | Vienna | Austria |
| S10 Götschka Tunnel and Freistadt Bypass [1] | Freistadt | Austria |
| Stuttgart–Ulm rail line, Albaufstieg [1] | Stuttgart | Germany |
| Stuttgart 21 [1] | Stuttgart | Germany |
| Coburg–Illmenau high-speed rail line | Coburg | Germany |
| | | |
| **Business Unit 5 – Environmental Engineering** | | |
| Decommissioning Voitsberg power plant [1] | Voitsberg | Austria |
| voestalpine coking plant [1] | Linz | Austria |
| | | |
| **Business Unit 6 – Real Estate** | | |
| Palais Hansen Kempinski | Vienna | Austria |
| Hotel & Office Campus | Berlin | Germany |
| Hotel Steigenberger am Kanzleramt | Berlin | Germany |

[1] executed as part of a joint venture

# Key Data

| in EUR m | 1st quarter 2013 | Change [2] | 1st quarter 2012 [3] |
|---|---|---|---|
| **Production output** | 482 | 7.4% | 449 |
| of which domestic | 317 | 11.1% | 286 |
| of which foreign | 165 | 0.9% | 163 |
| | | | |
| **Order bookings** | 593 | -3.6% | 615 |
| of which domestic | 421 | 19.0% | 354 |
| of which foreign | 172 | -34.2% | 261 |
| | | | |
| **Order backlog** | 3,484 | 18.9% | 2,930 |
| of which domestic | 1,654 | 7.6% | 1,536 |
| of which foreign | 1,830 | 31.3% | 1,394 |
| | | | |
| Average staffing levels [4] | 9,338 | -0.3% | 9,367 |

[2] The changes relate to the unrounded figures.
[3] Comparative figures for 2012 have been adjusted retrospectively.
[4] For greater reporting accuracy, as of the 2012 business year the average staffing level only includes staff from fully consolidated companies and not, as previously, a percentage of associates and minor subsidiaries. The comparative figures for 2012 have been appropriately adjusted.

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