



REPORT ON THE 1ST QUARTER 2014

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by



Positive performance continues in 2014

Dear shareholders
and respected business associates,

The first quarter 2014 has validated PORR's strategic course, with production output, order bookings and the order backlog all increasing from their already high levels. This has been possible thanks to favourable weather conditions, coupled with the consistent, uncompromising implementation of the "intelligent growth" strategy – with a focus on the solid home markets and first-class project and risk management on large-scale projects.

The company's strength lies in its clear market positioning: PORR is and remains a construction group which builds as much as possible itself – with a small project development division for the run-up to projects and a service unit for the post-construction phase. The focus is on the attractive and stable home markets which offer high planning security and the best credit rating. "Intelligent growth" does not involve striving for growth at any price, but rather investing carefully in targeted niches and countries to sustainably secure PORR's position on its home markets. By applying the principle "know your market, know your customers", PORR has developed into one of Central Europe's most cutting-edge construction companies in recent years. PORR is a trailblazer in many areas of technical innovation and simultaneously maintains a clear focus on profitability.

In addition to the good start to the construction season, the first quarter was influenced by the capital increase. Thanks to the exceptionally strong demand, this was heavily oversubscribed and successfully completed on April 28th 2014. The immense interest from various renowned international investors and the clear commitment shown by existing shareholders had a very positive impact on PORR shares on the Vienna Stock Exchange. The EUR 119m in proceeds generated will primarily be used to strengthen the Group's equity and to pay back the ABAP profit participation rights. In addition, proceeds could be used to expand PORR's business activities and to finance potential acquisitions on its home markets.

Production output

In the first three months of 2014, PORR generated production output of EUR 632m, an increase of 31.1% or EUR 150m against the comparable period. This strong rise was due in part to the favourable weather conditions with mild temperatures and minimal snow, facilitating an early start to the construction season. In addition, all operating units are currently involved in working off the historically high order backlog and the newly acquired projects. The five home markets continued to account for over 90% of production output and Austria remains the most important market by some margin, accounting for 59% of total production output.

Order backlog

The order situation was also highly satisfactory in the first quarter of 2014. There were renewed rises in both the order backlog and order bookings, which were up significantly against the comparable period. The order backlog reached EUR 4,712m, an increase of 35.2% or EUR 1,228m. This growth was primarily due to successful tender acquisitions in Austria, while Germany and Poland also recorded increases. The order backlog in Switzerland and the Czech Republic was slightly below last year's levels. Order bookings totalled EUR 754m at March 31st 2014, an increase of 27.2% or EUR 161m. Growth here was also due to positive developments in Austria, Germany and Poland, while there were slight decreases in Switzerland and the Czech Republic.

The most important new orders in the first quarter 2014:

- LK 272 Kluczbork railway line in Poland
- Messecarree student halls of residence in Vienna
- Obervermunt II power plant in Vorarlberg
- "Berlin Living" residential construction project

Staff

The number of staff in the first quarter 2014 was significantly below the average for the full year 2013 as a result of seasonal factors. On average PORR em-

ployed 11,096 staff in the first three months of the year. This represents an increase of 1,758 people against the same period in 2013 – a disproportionately low rise compared to production output.

In light of the shortage of skilled labour, PORR employs targeted measures to train the specialists of the future with the skills they need. More than 200 apprentices are currently undergoing training in 14 different vocations. One key factor in the apprentice training is PORR's internal supplementary training. In addition to technical specialisms, the curriculum also addresses social issues such as preventing violence. The high quality education has been underlined by an array of awards won by PORR apprentices in the course of various competitions.

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 for the period. 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.

Given the high order backlog, the strong position on the most important markets and the improvement in equity as a result of the capital increase, the Executive Board predicts that 2014 will continue to yield good results. This forecast is, however, subject to variables specific to the construction industry.

Outlook

PORR is optimistic about the 2014 business year. The high order backlog means that capacity is fully utilised and allows a selective, margin-driven approach to acquiring tenders. The guiding principle “profit over output” applies to every area, but even more so for sectors in which PORR holds a clear technological edge over the competition.

PORR has been investing in research and development for decades and has its own laboratory in addition to longstanding ties with educational and

research institutes. The most important innovations include breakthroughs in track technology and tunnelling (conventional and with TBMs), as well as materials research (e.g. bitumen improvements), facade technology, general contractor construction and environmental engineering. The company's strength in innovation is based on employees' dedication and problem-solving abilities and will be supported in an even more targeted way in the future throughout the Group.

In order to improve the PORR Group's profitability, the financial management focus is on active cost management through the **fitforfuture** programme, comprehensive risk management from project calculation through to execution, a disciplined approach to capital and optimising working capital.

Projects

	Location	Country
Business Unit 1 – DACH		
Brixlegg/Kramsach ÖBB bridge	Kramsach	Austria
Dürnstein flood defences consortium ¹	Dürnstein	Austria
Messecarree student halls of residence	Vienna	Austria
Alexanderplatz living quarters	Berlin	Germany
Zofingen New Apostolic Church	Zofingen	Switzerland
Business Unit 2 – CEE/SEE		
Gdynia Waterfront hotel and office complex	Gdynia	Poland
Kacerov office building	Prague	Czech Republic
Sebes Turda – highway project, Lot 4	Sebes	Romania
Business Unit 3 – International		
Green Line metro ¹	Doha	Qatar
Business Unit 4 – Infrastructure		
Koralm Tunnel/KAT 3	St. Andrä	Austria
Stuttgart–Ulm railway line, Alaufstieg ¹	Stuttgart	Germany
Stuttgart 21 ¹	Stuttgart	Germany
Coburg–Ilmenau high-speed railway line	Coburg	Germany
Business Unit 5 – Environmental Engineering		
Demolition of Grünhübl Bridge – S36 Murtal expressway	Styria	Austria
Rehabilitation of K20 contaminated site – lime disposal site I/II ¹	Brückl	Austria
Business Unit 6 – Real Estate		
Belvedere Central Quarter	Vienna	Austria
Rosenhügel residential project	Vienna	Austria
Twin Yards office project	Munich	Germany

¹ executed as part of a consortium

Key Data

in EUR m	1st Quarter 2014	Change	1st Quarter 2013
Production output	632	31.1%	482
of which domestic	372	17.4%	317
of which foreign	260	57.6%	165
Order bookings	754	27.2%	593
of which domestic	524	24.5%	421
of which foreign	230	33.7%	172
Order backlog	4,712	35.2%	3,484
of which domestic	2,009	21.5%	1,654
of which foreign	2,703	47.7%	1,830
Average staffing levels	11,096	18.8%	9,338

Disclaimer: This quarterly report (interim notice in accordance with Stock Exchange Act art. 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. This report is a translation into English of the interim report on the third quarter 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.