



How infrastructure is keeping us in the fast lane.



Quarterly Report 3/2009

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Dear shareholders and
respected business associates,

Given the adverse economic backdrop, the first three quarters of 2009 have been satisfactory for the PORR Group. The bad weather at the start of the year caused a time delay in yearly output levels. In the reporting period PORR achieved production output of EUR 2.1225bn (– 9.9% on the previous year). The intensive activities which are underway to make up for the postponement caused by the weather leads us to believe that there will be a significant recovery in the fourth quarter and that annual output will be only marginally lower than that of the previous year.

There were also changes in the group's shareholdings: an increase in share capital amounting to EUR 83.5m was issued as part of a non public offering, closing at September 21st 2009, in order to strengthen the group's equity base. In the course of this capital increase, the Turkish RENAISSANCE Group acquired 10.22% of ordinary shares. A strategic cooperation with the new shareholder was launched at the same time and should allow the PORR Group to expand to new infrastructure markets in the Middle East and North Africa. This new partnership should lead to sustainable increases in demand in the infrastructure sector – the core competency of the PORR Group – in particular in the markets of Libya, Saudi Arabia, Turkey and Turkmenistan.

Furthermore, a bond totalling EUR 100m was issued at the beginning of November to secure long-term financing for the group. High demand meant that the bond was heavily oversubscribed. The transaction on the capital markets has enabled the PORR Group to secure both its financing structure and thereby its competitiveness for the future.

Despite more optimistic forecasts from economic experts, the assumption is that the negative effects of the global economic crisis will be fully felt in the construction industry around the middle of next year and that they will last until well into 2011. Massive infrastructure investment from the economic stimulus packages should make a significant contribution to softening the negative effects of the crisis on the construction

industry from mid 2010. As PORR has long been positioned as an expert full service provider in the infrastructure sector, the group believes that we are well placed to benefit extensively from the announced stimulus packages. Furthermore, the new strategic cooperation with the RENAISSANCE Group leads us to expect a significant rise in demand from these new markets.

Production output

Mixed messages from economic analysts have led to the lack of a solid foundation for secure forecasting; it is therefore difficult to make reliable predictions with regard to future developments. While certain economic experts are cautiously issuing optimistic forecasts with regard to economic developments, the real economy remains massively affected by the global crisis. The assumption is therefore an extremely weak economy in the coming year; sustainable economic recovery is not expected until the end of 2011.

The effects of the crisis are being seen in the construction industry in the form of falls in new orders. Despite this, the PORR Group still has a solid order backlog at the reporting date (EUR 2.5856bn). The slump in private investment in building construction in eastern Europe has been keenly felt; in contrast, domestic developments – in particular in the Vienna region – have been positive. The effects of the Austrian stimulus packages are expected to take effect within the next year. Furthermore, the strategic partnership with the RENAISSANCE Group leads us to expect positive medium-term developments.

At end September 2009 the PORR Group's production output amounted to EUR 2.1225bn. This represents a fall against the record-breaking year of 2008 (EUR 2.3555bn), however, when compared with the year 2007, this is still a rise of 10.7%. While domestic output of EUR 1.325bn (–2.7%) comes close to the record levels of 2008, production output abroad fell to

EUR 797.4m (–19.8%). Despite the delayed construction start at the beginning of the year caused by the weather, a significant recovery is expected in the last months of 2009 thanks to the intensive ongoing activities. What is more, the strategic focus on the strong domestic market – in the infrastructure sector in particular – will enable the group to benefit strongly from the domestic stimulus packages.

With production output of EUR 910.6m (–7.8%), representing a 42.9% share of total production output, the civil engineering segment of Porr Technobau und Umwelt AG (PTU) continues to be a key driver in the PORR Group. Major new orders could even be acquired during the crisis – and not only on the strong domestic market in Austria. PTU has profited above all from its experience in the forward-looking areas of environment, water and sewage, traffic infrastructure, and energy.

Business developments in the road construction segment of the PORR Group, TEERAG-ASDAG AG (T-A), were fundamentally positive, although there were marked differences from province to province. With the exception of the Czech Republic, all future foreign activities in road construction will be carried out by PTU. This led to a corresponding fall in production output to EUR 609.9m (–8.1%).

The building construction segment in 2009 was characterised by a significant drop in private investment. This caused the production output of Porr Projekt und Hochbau AG (PPH) to fall to EUR 602.0m (–14.5%) against the third quarter of 2008. PPH had to accept some severe slumps in the markets of eastern Europe, with the Czech Republic, Slovakia and Hungary especially badly affected. In contrast, there were

positive developments in Austria and Germany, in particular in the key areas of Vienna, Berlin and Munich.

Markets

At September 30th 2009 the largest foreign market was Germany, where production output of EUR 210.1m was generated. This result was largely due to growth in the Munich and Berlin regions.

The market situation in Switzerland was equally positive. Production output rose to total EUR 39.0m (+3.2%) in this small market. There are some interesting PPP projects about to be awarded in the short to medium term.

There were extremely satisfactory developments for the PORR Group in Serbia and Montenegro. Expectations are high for order bookings in these markets in the short to medium term thanks to projects in the infrastructure sector. The most important orders currently underway include the E75 Bypass and the construction of the new Sava Bridge in Belgrade. Landfill sites in the Serbian cities of Jagodina and Leskovac opened in the reporting period, whereby the PORR Group will cover the entire value chain in the waste sector, along with waste collection, in these two Serbian cities. In the medium term interesting projects in cooperation with the World Bank are expected to emerge across the SEE infrastructure markets.

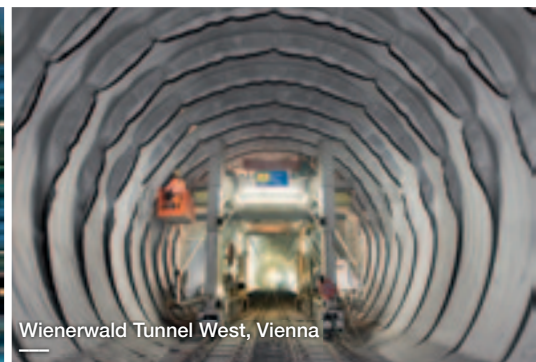
The situation in the markets of Hungary and Slovakia is particularly challenging at present. In Hungary, projects caused a fall in production output of 38.1% to EUR 162.2m;



Mulden Bridge, Bennewitz, Germany



Stary Browar II, Poznań, Poland



Wienerwald Tunnel West, Vienna

in Slovakia there was a 13.9% fall to EUR 49.5m. The reason for this was that projects which had been expected in eastern Europe could not be realised through the public sector due to economic changes caused by the crisis.

Current order backlog

At September 30th 2009 the order backlog amounted to EUR 2.5856bn (–9.4%). In the light of the global crisis this fall is moderate – the negative effects on the construction industry will not unfold fully until next year. 53.7% of orders are for Austria; 46.3% are in the PORR Group’s foreign markets.

The economic crisis is clearly reflected in the current order bookings. At September 30th 2009 these stood at EUR 2.1461bn (September 2008: EUR 2.7656bn; –22.4%). Lower levels of order bookings were caused by the overwhelming reluctance of private clients to invest.

Domestic order bookings held steady. This is largely because of major investment in subsidised residential construction in the Vienna region. A severe downward trend is characterising the eastern European markets. In order to make strategic use of existing resources, PORR initiated a strategic partnership with the Turkish RENAISSANCE Group to develop infrastructure markets in North Africa and the Middle East. This should generate positive growth in the civil engineering sector and compensate for possible falls in demand.

Order breakdown by segment

Interesting new projects were acquired in civil engineering. Among others, PORR won the order to build a new power plant in Malzenice in Slovenia; the construction of two new ski-lift facilities in Romania will also allow the group to participate in the tourism market in the region. Overall PORR had an order backlog of EUR 1.1657bn in civil engineering at September 30th 2009.

Attractive projects were also gained in the road construction segment, leading to an order backlog of EUR 489.9m. Sizeable order bookings of EUR 635.9m were also received. As in the past, T-A is well positioned and well equipped to meet future market developments.

As the building construction market is heavily influenced by private investment, it is naturally the hardest hit by the crisis. In building construction the order backlog remains at similar levels (EUR 930.0m), thanks to the first positive effects of the economic stimulus packages with regard to subsidised residential construction. The Vienna region had a particularly strong influence and has once again proven to be the most important domestic region.

Staff

The PORR Group employed an average 11,743 staff in the first three quarters of 2009. This represents a fall of 254 people against the staffing levels of the previous year. Even in times of global turbulence, the PORR Group is committed to well-trained, motivated staff. This is why the company continues its intensive activities in the field of human resource development.

Financial performance

The long winter and delay in construction caused by weather conditions led to a rightwards shift in the curve for production output – which was also lower – which was in turn reflected in the earnings curve. However, a recovery is expected in the last quarter.

In accordance with the way the year has gone, a corresponding development is expected, whereby the PORR Group is set to be able to report earnings in line with the economic backdrop.

Outlook

The latest point that the crisis had taken hold across most economic sectors was the second half of 2009. In contrast, the construction industry is still working with historically high order backlogs and will not feel the full effects of the crisis until mid 2010; that being said, the first negative effects have already been felt this year.

On the assumption that the stimulus packages will take full effect on the economy next year, it is expected that the PORR Group will be able to benefit significantly from these measures and thereby cushion the negative effects of the crisis thanks to its position as a full service provider in the infrastructure sector.

Given the contradictory predictions by economic analysts, it is extremely difficult to make reliable forecasts on future developments. The unfavourable weather conditions at the beginning of the year have led to a delay in the annual production output figures. Should an increase in activities to compensate for these delays be possible, one can predict a significant upward surge. The group's figures would still not manage to match the levels of the record-breaking year 2008 in the light of this backdrop, although they can be expected to exceed the levels of the year 2007.

Internal reorganisation measures were implemented early on in order to ensure sustainable, stable growth well into the future. Improvements in purchasing policy, coupled with the targeted efforts towards uniform cost management in every

PORR Group sector, complement the comprehensive programme towards increasing efficiency.

Furthermore, the strategic cooperation with the Turkish partner, the RENAISSANCE Group, should generate a timely rise in demand in the promising regions of North Africa and the Middle East, thereby securing the long-term growth of the PORR Group.

November 2009, Vienna

The Executive Board

Selected PORR Group projects (by segment)

Civil engineering/Road construction

ÖBB new stretch Vienna – St. Pölten, western section

ÖBB Koralmbahn section Weitendorf – Wettmannstätten

Harter Plateau tramline in Linz

District heating pipes Danube 1 + 2 (Austria)

New construction of main road number 4 near Kisújszállás (Hungary)

Institute of Zoology in Krakow (Poland)

Building construction

Residential complex Gasgasse 2-6 in Vienna

Residential complex Donaufelderstraße 146-152 in Vienna

ÖBB office building Praterstern in Vienna

Shopping centre and offices Galeria Harfa in Prague

Shopping centre Galeria Sloneczna in Radom (Poland)

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. All dates expressed in digits conform to European conventions of dd.mm.yyyy. 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 first 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.

Key Data, 3rd Quarter 2009

PORR Group

in EUR million	30.09.2009	Change	30.09.2008
Production output	2,122.5	-9.9%	2,355.5
of which domestic	1,325.0	-2.7%	1,361.1
of which foreign	797.4	-19.8%	994.4
Foreign share in %	37.6	-4.6 PP	42.2
Domestic order backlog	1,388.2	+0.4%	1,382.0
for the remainder of the current year	437.5	0.0%	437.4
for the following years	950.7	+0.6%	944.6
Foreign order backlog	1,197.4	-18.7%	1,473.1
for the remainder of the current year	304.5	-13.0%	350.2
for the following years	892.9	-20.5%	1,122.9
Total order backlog	2,585.6	-9.4%	2,855.1
Foreign share in %	46.3	-5.3 PP	51.6
for the remainder of the current year	742.0	-5.8%	787.5
for the following years	1,843.6	-10.8%	2,067.6
Order bookings	2,146.1	-22.4%	2,765.6
of which domestic	1,480.1	-5.8%	1,571.0
of which foreign	666.0	-44.2%	1,194.6
Foreign share in %	31.0	-12.2 PP	43.2
Average staffing levels	11,743	-2.1%	11,997