

QUARTERLY REPORT

Q1'12

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by



REPORT ON THE 1ST QUARTER 2012

Dear shareholders and respected business associates,

The first quarter 2012 was satisfactory for PORR and developed in line with expectations, although there were significant differences between the home and core markets. Uncertainties caused by the debt crisis in Europe and the USA continued to affect public sector investments, particularly in Eastern Europe. While the construction industry performed well in Austria, Germany, Switzerland and Poland, there was a different picture in Eastern Europe, where construction projects were subject to delays or put on hold until further notice. In this region private investments are currently unable to compensate for the governments' limited construction budgets.

The renewed onset of winter – in addition to the earlier cold weather which had delayed the start of the construction season – had a negative impact on construction output. In light of this, PORR generated production output of EUR 449.0m in the first three months of 2012, a decrease of EUR 19.0m or 4.1% against the first quarter 2011. At the same time PORR did however report some pleasing new order bookings. In the period under review order bookings rose to EUR 615.0m, representing an increase of EUR 40.1m or 7.0%. As at March 31st 2012 the order backlog stood at EUR 2,930.1m, and was thereby EUR 374.3m or 14.6% higher than the same date in 2011.

PORR's home markets continue to perform well. Order volumes for this year in Austria, Germany and Switzerland are above those of the previous year and stable growth has also been forecast for 2013. ASFINAG has announced significant increases in tenders, and the Austrian Federal Railways (ÖBB) and Deutsche Bahn are also investing in extending their infrastructure. The construction boom in Poland is set to continue unabated at least until the European Football championships in the middle of the year. Although experts are predicting a slight slow-down in growth following this major event, the Polish market is nevertheless expected to grow faster than

the European average in the next two years. The core markets in the CEE/SEE region are displaying variable tendencies. Good opportunities continue to exist in Romania, Bulgaria and Serbia, not least because of the EU co-financing of many infrastructure projects, while in contrast the governments in Hungary and Slovakia are not managing to overcome the crisis convincingly at present.

In the first quarter of 2012 PORR launched the efficiency and optimisation programme, **fitforfuture**, in order to prepare for the challenges of the future. This programme will examine all of the company's costs and processes and should highlight areas where savings can be made. In addition to reducing expenditure on materials, processes and projects, **fitforfuture** also includes the optimisation of the Group's property portfolio.

Production Output

At the end of March 2012 PORR had generated production output of EUR 449.0m, equivalent to a decrease of EUR 19.0m or 4.1% against 2011, thereby falling short of the amount generated in the previous year. In addition to the long winter period mentioned earlier and the late construction start, this output decrease was also affected by the mild weather in December which had caused an earlier rise in output. Overall production output validated the strategy which is in place – focusing on the high-margin home markets. PORR generated almost 85% of production output in Austria, Germany, Switzerland, Poland and the Czech Republic. Austria continued to be the most important market by some margin.

Order Backlog

The Group's order backlog was highly satisfactory yet again in the first quarter of 2012. Order bookings rose to EUR 615.0m, a rise of EUR 40.1m or 7.0% against the previous year. The order backlog reached EUR 2,930.1m, thereby increasing by EUR 374.3m or 14.6% in comparison to the same period 2011.

The order books therefore remain very full and almost all capacity is fully utilised for the current year. The long-term nature of the projects means that many sectors are already booked up for 2013.

With Switzerland as the sole exception, every home market recorded growth; Germany remained similar to the high level of the previous year. In contrast, most of the core markets declined, whereby the situation in Hungary remained the most problematic as hardly any public-sector projects are being realised.

Staff

In line with seasonal norms, the number of staff was significantly lower than the average for the whole year 2011. In the first quarter of 2012 PORR employed an average 10,096 staff members. This represents a decrease of 356 people or 3.4% against the same period last year.

As was the case in the past, the greatest challenge for the future with regard to recruiting will be the shortage of skilled staff. It is becoming more difficult to retain specialised staff in the company on the home markets as well as the core markets. This is why the Group has increased its cooperation with schools, universities and training centres to meet the demand for the best-qualified staff and managers who are at home in a complex and competitive environment.

Financial Performance

The construction industry traditionally generates lower levels of construction output in the first three months than in the year as a whole. This is why only limited earnings are achieved in the first quarter. Additional pressure on earnings comes from the fixed costs for staff and machinery. This weak earnings situation does however improve in the following months as output increases.

The development of earnings fell within budget expectations, whereby PORR should report a stable financial performance at the end of the year.

Outlook

The market backdrop showed high variation at the beginning of 2012. While a positive trend has been observed on the construction markets in Western and Central Europe where infrastructure investments are also increasing, many countries in the CEE/SEE regions remain deep in crisis. PORR has responded to these conditions and placed a clear focus on the home markets. The goal is stable business growth by concentrating on the high-margin markets of Austria, Germany, Switzerland, Poland and the Czech Republic. To complement this strategy the core markets are also being developed, with a focus on infrastructure projects in PORR's core competencies – rail construction and tunnelling. PORR is also represented internationally with these export products. That said, risk management is the top priority when making any decisions.

The second focal point for 2012 is the efficiency and optimisation programme, **fitforfuture**, which extends to every aspect of the company. The Development sector will see a clear focus on bundling strengths and tasks; here PORR is committed to portfolio optimisation and »Cherry Picking«.

SELECTED PROJECTS

| | Location | Country |
|--|-----------|-------------|
| Region 1 | | |
| Nordbahnhof residential complex, lot 2b | Vienna | Austria |
| A13 Obernberger viaduct | Obernberg | Austria |
| Ybbs/Donau flood protection | Ybbs | Austria |
| »Am Westpark« residential complex* | Munich | Germany |
| Alptransit Gotthard AG, lot 28 underpass | Erstfeld | Switzerland |
| Region 2 | | |
| Andersia Business Center | Warsaw | Poland |
| Poleczki Business Park phase 2 | Warsaw | Poland |
| Infrastructure | | |
| Vienna Central Station* | Vienna | Austria |
| S10-Götschka Tunnel and Freistadt Bypass | Freistadt | Austria |
| Stuttgart 21* | Stuttgart | Germany |
| Erfurt-Halle high-speed rail line | Erfurt | Germany |
| Biel Ostast Bypass* | Biel | Switzerland |
| Development | | |
| Olympia Gate Munich | Munich | Germany |
| Steigenberger Hotel Berlin | Berlin | Germany |
| Hotel Kempinski Palais Hansen | Vienna | Austria |

* executed as part of a joint venture

KEY DATA

| in EUR m | 1st quarter 2011 | Change | 1st quarter 2011 |
|-------------------------|------------------|---------|------------------|
| Production output | 449.0 | -4.1 % | 468.0 |
| of which domestic | 285.5 | -1.0 % | 288.4 |
| of which foreign | 163.5 | -9.0 % | 179.6 |
| Order bookings | 615.0 | +7.0 % | 574.9 |
| of which domestic | 354.1 | +13.8 % | 311.2 |
| of which foreign | 260.9 | -1.1 % | 263.7 |
| Order backlog | 2,930.1 | +14.6 % | 2,555.8 |
| of which domestic | 1,536.5 | +19.4 % | 1,286.6 |
| of which foreign | 1,393.6 | +9.8 % | 1,269.2 |
| Average staffing levels | 10,096 | -3.4 % | 10,452 |

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