REPORT ON THE 3RD QUARTER **2013**

powered by PORR

Positive performance in the 3rd quarter of 2013

Dear shareholders and respected business associates,

PORR recorded renewed growth once again in the third quarter of 2013, providing impressive validation to the "intelligent growth" strategy and its implementation. For PORR "intelligent growth" means focusing on core competencies – permanent business in the five home markets of Austria, Germany, Switzerland, Poland and the Czech Republic – as well as the targeted expansion of export products in the infrastructure sector on international markets. PORR is executing recently acquired tenders in Qatar, where particular attention is paid to risk management. Owing to the ongoing problematic economic backdrop in the CEE/SEE region, PORR is only active in selected countries on specific projects – mostly in the infrastructure sector.

Conditions on the European construction market continued to vary in the third quarter of 2013. While the German-speaking countries retained their modest but stable growth rates, the European construction market as a whole is set to shrink again in 2013 – Euroconstruct has forecast a decline of 2.8%. In contrast to previous years, the decrease in Eastern Europe will be more pronounced than in the West, despite the region's urgent need for infrastructure. A reversal in this trend is expected for 2014.

In addition to the "intelligent growth" strategy, PORR has benefited from **fit**for**future**, the efficiency and optimisation programme implemented throughout the Group. In recent years this programme has examined all of the company's costs and processes; the numerous opportunities for optimisation will also have a positive effect on the Group's financial performance in the current year. In 2013 the focus has been on further streamlining administrative processes and shared services, along with increasing efficiency in the field of construction site management.

In the first nine months of 2013 PORR strengthened several divisions through selective acquisitions. Our position in the building construction segment in the west of Austria has been strengthened through the acquisition of longstanding firm Nägelebau GmbH in Vorarlberg. Following Alpine's bankruptcy, PORR acquired the Austrian Grund- Pfahl- und Sonderbau GmbH (GPS) and the German Stump Spezialtiefbau GmbH with its subsidiaries in Poland and the Czech Republic – two businesses which are an ideal complement to the foundation engineering segment. In the current business year PORR is also set to acquire the Viennese environmental engineering specialist Prajo & Co GmbH; the deal will be closed after the reporting date of September 30th 2013. This will enable PORR to consolidate and grow its position in the Austrian environmental engineering segment.

Production Output

As of September 30th 2013 PORR had generated production output of EUR 2,285m, an increase of EUR 267m or 13.2% against the same period last year. Output rose sharply in Austria, Germany and Poland, while significant output volumes were also recorded in Qatar for the first time. These are set to rise significantly with the progression of work on the "Green Line" of the Doha metro in the coming months. PORR managed to increase its market share in Austria, with particularly pleasing growth in the key federal provinces of Vienna, Styria and Upper Austria. In contrast, there was a slight decrease in output in Switzerland and the Czech Republic as expected.

Financing continued to be difficult to secure in most Eastern European countries, with the exception of Poland and the Czech Republic, both of which showed stable growth in the construction market. PORR is observing developments in this region and is currently limiting activities to individual projects in the infrastructure sector.

Once again, over 90% of total output was generated on the five home markets of Austria, Germany, Switzerland, Poland and the Czech Republic.

Order Backlog

One of the most important factors in PORR's success is the strong order backlog. The order backlog rose to EUR 4,721m in the third quarter of 2013, an increase of EUR 1,507m or 46.9%. This was accompanied by a sharp rise in order bookings to EUR 3,632m, which grew by EUR 1,165m or 47.2%. The most important new acquisition in the current year was the "Green Line" of the Doha metro in Qatar – the largest single order in the company's history. In Austria the acquisition of the Koralm Tunnel lot KAT 3 underlined PORR's expertise in tunnelling.

In the building construction sector PORR had also booked numerous acquisitions by September 30th 2013; these included the Rudolfsheim care home, the Simmering living oasis, a range of apartment complexes in the new Seestadt Aspern quarter and the new Styria Verlag Headquarters. The focus in Poland was on office buildings and shopping centres, whereby numerous projects which had been postponed last year were put out to tender in the current year. The German market also continued to develop well for the PORR Group; multiple projects in Berlin and Munich are under construction or have been newly acquired.

Staff

In the first three quarters of 2013 PORR employed 11,339 staff on average, representing an increase of 4.3% or 465 people more than in the comparative period in 2012. PORR was delighted to succeed in recruiting a significant number of excellent employees from Alpine, following the construction firm's liquidation.

Further education and training for PORR staff has long been a focal point for the Group. Motivated, highly qualified staff will continue to give PORR a competitive edge well into the future. Given the increasing shortage of skilled workers, the company is committed to comprehensive education and providing clear prospects within the Group.

Financial Performance

The positive outlook for 2013 forecast in the first half year was confirmed in the third quarter. Three factors will play a role in the increase in earnings. The first is the order backlog, the highest in the company's history. The Group was able to follow a highly selective approach to new acquisitions, following the principle of "profit over output", and focusing on margins. The second factor is the savings generated by **fit**for**future**, which are making a long-term contribution to the company's success. Thirdly, the divestment of property not needed for operations is progressing well. PORR therefore predicts an increase in earnings for the full year 2013.

Outlook

The construction industry has displayed strong regional variation in 2013. High-level investment from the private and public sector has been increasing in Central European countries such as Austria, Germany and Switzerland, as well as in Poland and the Czech Republic. On the other hand, there is still a considerable amount of uncertainty in the CEE/SEE region. Although the trough now appears to have passed in several Eastern European countries, no ongoing economic recovery has been observed.

PORR was quick to react to the shifting environment and has focused on the home markets and its core competencies, particularly in the infrastructure sector, as part of the "intelligent growth" strategy. The high order backlog, which is mainly filled with orders from clients with the highest credit rating, allows a positive outlook for the 2013 business year.

Projects

	Location	Country
Business Unit 1 – DACH		
Repairs on the A2 Leobersdorf–Wöllersdorf	Leobersdorf	Austria
Styria Media Center	Graz	Austria
Niederwalz flood protection	Niederwalz	Austria
Rudolfsheim residential care home	Vienna	Austria
Stresemannallee apartment complex	Frankfurt	Germany
Seetalplatz Lucerne flood protection/road construction [1]	Lucerne	Switzerland
Business Unit 2 – CEE/SEE		
Renovation of Krakow Station	Krakow	Poland
Echo Tower	Warsaw	Poland
Modernisation of D1 motorway, sections 9+14 [1]	Hořice, Jihlava	Czech Rep.
Business Unit 4 – Infrastructure		
Koralm Tunnel lot KAT 3	St. Andrä	Austria
Stuttgart-Ulm rail line, Albaufstieg	Stuttgart	Germany
Stuttgart 21[1]	Stuttgart	Germany
Coburg-Ilmenau high-speed rail line	Coburg	Germany
“Green Line” underground railway line	Doha	Qatar
Business Unit 5 - Environmental Engineering		
Dismantling Voitsberg power plant [1]	Voitsberg	Austria
Dismantling and decontaminating Novartis property [1]	Vienna	Austria
Business Unit 6 – Real Estate		
Rosenhügel Studios [1]	Vienna	Austria
Twin Yards [1]	Munich	Germany
Arena Boulevard [1]	Berlin	Germany

[1] executed as part of a joint venture

Key Data

in EUR m	3rd quarter 2013	Change [2]	3rd quarter 2012 [3]
Production output	2,285	13.2%	2,017
of which domestic	1,487	8.7%	1,368
of which foreign	798	22.8%	649
Order bookings	3,632	47.2%	2,467
of which domestic	1,846	12.0%	1,647
of which foreign	1,786	117.8%	820
Order backlog	4,721	46.9%	3,214
of which domestic	1,883	10.9%	1,699
of which foreign	2,838	87.3%	1,515
Average staffing levels [4]	11,339	4.3%	10,874

[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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