Interim Report on the Third Quarter 2015

powered by PORR

Key Data

in EUR m	1–9/2015	1–9/2014[1]	Change
Operating data			
Production output	2,540	2,506	1.4%
Foreign share	45.9%	38.2%	7.7 PP
Order backlog	4,647	4,133	12.4%
Order bookings	3,128	2,241	39.6%
Average staffing levels	13,499	12,653	6.7%
Income statement			
Revenue	2,239	2,204	1.6%
EBITDA	89.3	76.6	16.5%
EBIT	38.1	30.3	25.5%
EBT	32.6	15.1	115.7%
Interim profit	24.0	12.6	90.2%
Earnings per share (in EUR)	0.75	0.33	127.3%
Cash flow and investments			
Operating cash flow	111	60	85.0%
Cash flow from operating activities	-172	-85	102.4%
Cash flow from investing activities	-106	-34	-
Cash flow from financing activities	114	42	171.4%
Investments	58	70	-17.1%
Depreciation/amortisation/impairment	-51	-46	10.6%

in EUR m	30.9.2015	31.12.2014	Change
Statement of financial position			
Total assets	2,326	2,146	8.4%
Equity	377	385	-2.2%
Non-current assets	812	728	11.5%
Current assets	1,513	1,418	6.7%
Non-current liabilities	606	409	48.2%
Current liabilities	1,343	1,352	-0.7%
Net debt	264	434[2]	-39.2%

[1] Restated PORR without development.

[2] Basis for comparison: as of 30 September 2014

The figures have been rounded off, whereby absolute changes are calculated using the rounded values, while relative changes (in percent) are calculated using the precise values. Percentages have also been rounded off.

Contents

Foreword by the Executive Board

Dear shareholders and respected business associates,

Our PORR is right on track – as all of the key performance indicators show – and is likely to be able to report a successful business year once again in 2015. This performance should not be taken for granted. It is due to the hard work of our employees, as the construction industry backdrop is anything but simple. Many European states have made sharp cuts to their budgets as a reaction to debt levels, while urgently needed investment in infrastructure has been postponed.

PORR is profiting from its strategy of intelligent growth – the concentration on the five home markets of Austria, Germany, Switzerland, Poland and the Czech Republic. On the one hand the investments in these countries have maintained their high levels and are growing in Poland and the Czech Republic as a result of the new EU budget framework. On the other hand, PORR has exceptional market access in these countries and is able to compensate for regional fluctuations due to the broad coverage of its permanent business.

The home markets, complemented by selective activities on the project markets and infrastructure projects in Qatar, provided a stable foundation for the successful performance in the first three quarters of this year. At 30 September 2015 production output totalled EUR 2,540m and thereby increased by EUR 34m or 1.4%, matching the high level of the comparable period.

The Group's order situation is also positive. The order backlog totalled EUR 4,647m, representing an increase of EUR 514m or 12.4%, while order bookings rocketed by 39.6%. This cushion of orders means that PORR is well placed not only for the current year, but also for the years ahead. One particularly pleasing fact: this high order intake was not driven by one-off impacts – such as individual large-scale projects – but was spread evenly across all of the individual business units. A range of building acquisition projects were acquired in Germany and Switzerland in particular, where PORR profits from the adherence to deadlines for which it is known throughout the industry and its renowned trustworthiness. The situation in civil engineering is more challenging due to the budget problems. Nevertheless, in the third quarter 2015 we almost succeeded in recovering from the deficit from the previous year.

The works on the large-scale project in Qatar, the Green Line of the Doha metro, are progressing to highly satisfactorily. PORR's immense dedication on this market was rewarded with the largest new tender of this year: PORR has been hired as the system supplier for the entire metro network in Doha with its PORR-patented Austria Slab Track system (elastically supported track base plates).

The integration of the Polish civil engineering unit acquired from Bilfinger and renamed as PORR Polska Infrastructure also went very smoothly. This takeover will allow us to profit from the construction boom and EU financing in the coming years. The expansion to Norway which was facilitated by the acquisition is also going to plan: the Tresfjord Bridge, the first of the three bridges under construction, was completed, handed over and opened precisely on schedule.

The Executive Board
November 2015, Vienna

Karl-Heinz Strauss, MBA Chief Executive Officer	Christian B. Maier Executive Board Member	Johannes Wenkenbach Executive Board Member

PORR on the stock exchange

High volatility on the financial markets in the third quarter of 2015

At the beginning of the third quarter 2015 the initial robust economic data in the eurozone and the USA, along with the aid programme for Greece, led to a recovery on the stock markets. This was followed by a massive increase in volatility, with falls in share prices throughout July and August. In addition to concerns about the global economy and the growth prospects for China, the refugee crisis and the VW scandal caused deep uncertainty among investors.

The decline in share prices in the third quarter led most international indices to report a negative performance from the start of the year to the closing date, 30 September 2015. The US index Dow Jones Industrial (DJI) experienced its weakest quarter for years and closed down 7.6% in the third quarter – which was also 8.6% down on year-end 2014. The S&P 500 Index also declined by 6.7% since the end of 2014. On the one hand, the failure of the US Federal Reserve to implement the rise in interest rates expected for September seemed to aim to prop up the market, on the other hand it increased concerns about the market economy.

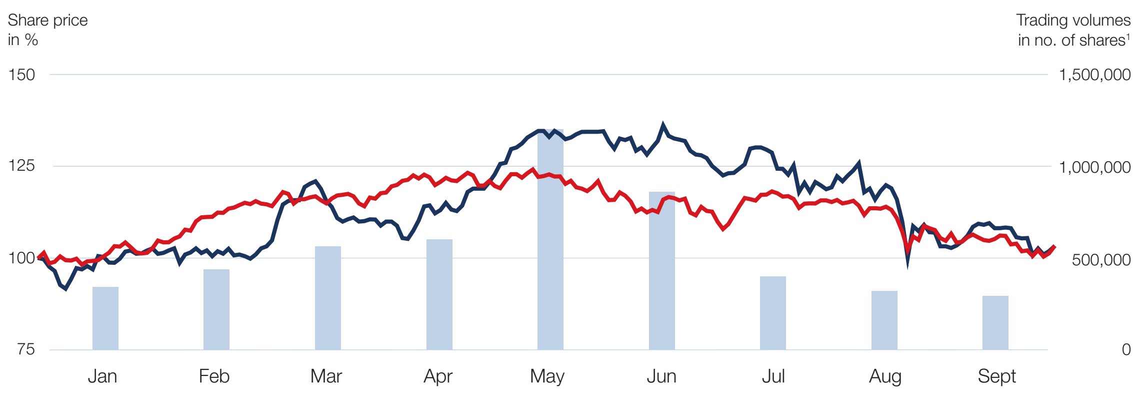
The German stock index (DAX) fell by a further 11.7% in the third quarter 2015 and is thereby one of the biggest losers among the developed markets. In the third quarter the EURO STOXX 50 relinquished the price growth achieved in the first half-year and was down 1.5% against the closing price of 2014. Despite the turbulence on the financial markets, the ATX achieved a 3.2% increase in turnover compared to the end of 2014. Market capitalisation on the Vienna Stock Exchange stood at EUR 81.78bn at 30 September 2015.

Sustainable performance through clear strategic focus and intelligent growth

A focused, long-term strategy and the consistent reduction of risks were the most important factors driving PORR shares in the first nine months of 2015. In addition, the successful spin-off of the development sector at the end of 2014 and the Group's repositioning as a pure player in the construction industry continued to have a positive impact on value.

In order to enhance the trading liquidity and appeal of the PORR shares, particularly for smaller investors, PORR carried out a 1:2 share split in June 2015. Following a resolution by the 135th Annual General Meeting on 3 June 2015 and the subsequent entry into the Commercial Register, the number of PORR shares doubled – without any change

Share price and trading volumes of PORR shares in the first three quarters 2015 (index)



[1] Following 1:2 share split

to the amount of share capital – from 14,547,500 to 29,095,000 shares. The share split was recognised at the start of trading on the Vienna Stock Exchange on 26 June 2015.

The uncertainty on the financial markets was also reflected in the performance of the PORR shares. The PORR share underwent a particular decline in the third quarter of 2015 and closed at EUR 23.0 at 30 September 2015. However, an increase of 3.2% for the year as a whole shows that the share remains stable. At 30 September 2015 the market capitalisation of PORR shares stood at EUR 669.2m compared to EUR 648.3m on 21 December 2014. Average trading volumes in the first nine months of 2015 were 33,237 shares.

International shareholder structure

The largest percentage of shares in issue – almost 54% – is held by the syndicate consisting of the Strauss Group and the Ortner Group. The other shares have a broad international dispersion, the majority of shares are held by institutional investors – in addition to Austria, they primarily originate from Anglo-Saxon countries, but also from Switzerland and Germany.

Enhanced investor relations

The main investor relations focus is on transparent, timely information, which should allow every stakeholder to make a true and faithful evaluation of the company. In the first nine months of 2015 the management and investor relations team held numerous one-on-one talks with investors and analysts in Europe's largest financial centres and took part in international investment conferences. In addition to these activities and in the interests of transparency, PORR issued regular and comprehensive reports on its business performance as part of the quarterly teleconferences for analysts, institutional investors and banks, as well as at the press conferences for journalists held twice a year. The company is currently covered by eight brokers: HSBC, ERSTE Group, Berenberg, Baader, Raiffeisen Centrobank, Kepler Chevreux, SRC Research and Steubing.

Financial Calendar

21.4.2016	**Publication** of the 2015 Annual Report
21.4.2016	**Financial results press conference**
14.5.2016	**Record date for participation** in 136th Annual General Meeting
24.5.2016	**136th Annual General Meeting;** Venue: EURO PLAZA, Am Euro Platz 2, Building G, 1120 Vienna; Time: 11.00am
31.5.2016	**Publication** of the interim report on the first quarter 2016
31.5.2016	**Ex-dividend trading** on the Vienna Stock Exchange
1.6.2016	**Record date for dividends**
2.6.2016	**Dividend payout day** for the 2015 business year
30.8.2016	**Publication** of the interim report on the first half 2016
28.10.2016	**Interest payment** on PORR Corporate Bond 2014/1 (senior bond)
28.10.2016	**Interest payment** on PORR Corporate Bond 2014/2 (hybrid bond)
28.11.2016	**Interest payment** on PORR Corporate Bond 2013
29.11.2016	**Publication** of the interim report on the third quarter 2016
5.12.2016	**Interest payment** on PORR Corporate Bond 2012

Management Report

General economic environment

Global economic performance continues to be split into two – although at least the indicators are the opposite of those in the post-2008 crisis years. While the USA continued to post solid economic data despite the decline in the fracking industry and a recovery took hold in Europe, the most important emerging markets remain dogged by challenges. The ongoing fall in commodities prices has affected the most important BRICS states in particular. On top of this are national problems such as the sanctions on Russia imposed by the West or the slump in competitiveness of the Chinese economy. The high indebtedness of the Chinese provinces – triggered by the internal Chinese battle for direct investments from abroad – led to a price crash of around 30% on China's stock exchanges in summer 2015. General economic growth is continuing to decline in China, with the Austrian Institute of Economic Research – WIFO forecasting GDP growth of 6.5% in 2015 and 6.0%[1] for the coming year. The USA remains the dominant economic powerhouse and has been able to extend its lead over Europe still further thanks to low unemployment rates and the subsequent rise in consumer spending. Against this backdrop, analysts have forecast 2.4% growth this year, with a similar high level for 2016.

Europe is also continuing to grow – even if growth of 1.9% in 2015 and 1.8% in the coming year is significantly weaker than that of the USA. What's more, a large part of this growth comes from the Eastern and South East European countries, while the average growth in the eurozone is just 1.5%. Germany continues to be Europe's economic driver, although other European economies have achieved similar growth rates unlike the previous year.[2] In contrast, the situation with Austria's economy remains challenging, although the outlook has improved. While GDP growth last year still lagged well below the European average, it picked up in the reporting period and should match the other EU states in the first half of 2016.[3] Growth of 0.7% is expected for 2015, which should then rise to 1.4% for 2016.[4] The main problem faced by the Austrian economy is still the low demand from the weaker threshold countries. In contrast, a significant increase is expected in exports to the USA, along with a renewed rise in exports to Eastern Europe for the first time.

Development of output

In the third quarter 2015 PORR's production output exceeded the level of the same period in the previous year and totalled EUR 2,540m at 30 September, an increase of EUR 34m or 1.4%. Growth was achieved by Business Unit 4 – Infrastructure (BU 4) and Business Unit 2 – CEE/SEE (BU 2), while Business Unit 1 – DACH (BU 1) and Business Unit 5 – Environmental Engineering (BU 5) experienced a decline in output.

In BU 4 the progress on the Doha metro project in Qatar and the revenue increases in tunnelling and foundation engineering led production output to rise by 8.3%. BU 2's production output was up by 7.4% against the comparable period. The home market in the Czech Republic also saw previously announced projects being executed. The slight 2.6% drop in BU 1's production output was caused by the planned revenue decline in Austria. In addition, follow-up projects were not yet underway after the completion of several large-scale building construction projects. In contrast, output in German building construction and in Switzerland saw a sharp increase. Production output for BU 5 fell by 6.7%, which was mainly due to the completion of the main works on the large-scale Voitsberg Power Plant project.

Austria remained the most important market by some margin in the first three quarters of 2015, despite the decline in output, and was responsible for generating more than half of total production output. Once again the most important regions were Vienna, Styria and Lower and Upper Austria. Germany – PORR's second largest market and where it is pursuing a clear growth strategy – managed to

[1] WIFO Monthly Report 10/2015 page 736 f.
[2] WIFO Monthly Report 10/2015 page 738 f.
[3] WIFO Monthly Report 10/2015 page 740
[4] WIFO Monthly Report 10/2015 page 735

increase its output yet again. In addition to the major infrastructure projects such as Stuttgart–Ulm or the Emscher Sewer, PORR is developing a large number of building construction projects in Germany and has established itself as a reliable partner to German industry in recent quarters. PORR will continue to focus strongly on industrial construction in the coming years. Output in Qatar had risen sharply as planned by the end of the third quarter as a result of projects and exceeded the home market of Poland in terms of output. However, this development is due to the metro construction and thereby represents a temporary increase. Output rose in the Czech Republic. In Switzerland the Group also achieved a significant increase in output due to numerous successful projects in building construction. Overall, PORR generated around 86% of production output on its home markets in the period under review.

Order balance

The PORR order situation is highly satisfactory and even managed to significantly exceed the all-time high of 2013 generated by the one-off impact of the Doha metro. The cushion of orders extends to well beyond 2016 and will allow PORR to pursue an acquisition policy focused on earnings and margins in many areas. At 30 September 2015 the order backlog stood at EUR 4,647m and was thereby EUR 514m or 12.4% more than the level of the previous year. The rise in order bookings was even more pronounced, achieving an increase of EUR 887m or 39.6% to EUR 3,128m.

The largest new orders of this year included a major new order from Qatar – PORR will be the system supplier for the for the entire Doha metro network with its PORR-patented Austria Slab Track system (elastically supported track base plates) – as well as the new office building for the Swiss federal railways at Zurich station, the Bavaria Towers project in Munich and a major German industrial construction project for the client Haribo. In general, an increase in calls for tender has been observed for building construction in the Vienna area and projects such as Monte Laa lots 3 and 5 will be realised in the coming months. In infrastructure construction PORR acquired the Swiss tunnel project Albula II and works on the Ceneri Tunnel in summer. It also won the tender for a lot on the A5 motorway in Austria. The most important new projects in Poland were the Prokocim Hospital in Krakow and the Hotel Marriott Okecie in Warsaw.

Financial Performance

In the income statement for the comparable periods, 1 January 2014 to 30 September 2014 and 1 July to 30 September 2014, the figures for the real estate business spun off in 2014 have been retrospectively presented in the profit (loss) from discontinued operations to facilitate comparisons with the period under review.

Revenue in the first three quarters of 2015 totalled EUR 2,238.6m, marking an increase of 1.6% against the comparable period of the previous year. At the same time, it was possible to reduce the cost of materials and other related production expenses by 2.0% overall. While the percentage of the revenue share accounted for by expenses for third-party services saw a small decline (-1.51%), the share for staff expense rose slightly (+1.08%) due to an increase in services provided by the Group. Savings in materials expenses (-2.55%) led to a EUR 12.6m improvement in EBITDA to EUR 89.3m. Despite the increase in depreciation, amortisation and impairment (EUR +4.9m to EUR 51.2m), EBIT improved to EUR 38.1m for the first three quarters 2015 and was therefore EUR 7.7m (25.5%) higher than the comparable figure. Finance costs underwent a significant decrease of EUR 8.6m (-31.0%), while better interest income led to a rise in financial income of EUR 1.2m to EUR 13.6m. Net finance costs thereby improved by EUR 9.8m to EUR -5.5m. This improvement in the operating performance and net finance costs led to significantly higher EBT of EUR 32.6m (EUR +17.5m against the comparable period of the previous year). The profit for the period from continued operations amounted to EUR 24.0m at the end of the third quarter 2015.

Financial Position and Cash Flows

At 30 September 2015 the Group's total assets amounted to EUR 2,325.6m and were thereby EUR 179.5m higher than on the comparable closing date, 31 December 2014. The rise was mainly due to the first-time inclusion of Bilfinger Polska, acquired from the Bilfinger Group, which has now been renamed as PORR Polska Infrastructure S.A. A total of EUR 97.9m in assets was taken over as a result of the acquisition.

Under non-current assets, property, plant and equipment rose due to investments in construction machinery and construction measures on building premises by EUR 42.3m to EUR 455.2m. Other non-current financial assets also increased, primarily due to issued loans included here, by a total of EUR 43.8m to EUR 60.0m. At 30 September 2015 current assets had increased by a total of EUR 95.3m, whereby trade receivables underwent a particularly sharp rise as a result of the seasonal business performance (EUR +259.4m) and the high liquidity as at 31 December 2014 fell by EUR 162.9m to EUR 302.7m. In addition to the seasonal increase in trade receivables, the high volume of liabilities to be settled was financed at the same time.

Equity decreased due to the purchase of treasury shares totalling EUR 12.0m, as well as the payout of dividends in the first half of the year. In contrast, the significant improvement in profit for the period and the increase in hybrid capital contributed to equity. The equity ratio at 30 September 2015 saw a slight fall to 16.2% compared to 18.0% as at 31 December 2014 – triggered by the increase in total assets due to the aforementioned acquisition of the infrastructure business in Poland. While the high liquidity from 31 December 2014 to 30 September 2015 was used to settle current financial liabilities and other financial liabilities – leading to a significant reduction in these liabilities – trade liabilities rose as a result of the increase in revenue (EUR +71.6m). Current liabilities remained broadly stable at EUR 1,342.8m (EUR -9.2m). Taking out a Schuldscheindarlehen (EUR +185.5m) contributed to an increase in non-current liabilities to EUR 605.9m (previous year: EUR 408.8m). The rise in liabilities includes EUR 76.4m from the impact of the first-time inclusion of PORR Polska Infrastructure S.A.

Net debt (total of bonds and financial liabilities, less cash and cash equivalents) rose as a result of the reduction in current liabilities as at 30 September 2015 by EUR 328.8m to EUR 264.2m.

The Group succeeded in significantly improving operating cash flow against the comparable period – primarily as a result of the strong operating results for the period less non-cash components – in the first three quarters of 2015 to EUR 111.1m. Cash flow from operating activities of EUR -172.2m was EUR 87.5m lower than in the comparable period 2014, as the high cash reserves at 31 December 2014 were drawn on to reduce current liabilities in the first half of 2015. A cash outflow for a current financial investment caused cash flow from investing activities to reach EUR -106.1m, which was EUR 72.0m lower than the comparable period. Cash flow from financing activities of EUR 114.2m showed the cash inflow from taking out a Schuldscheindarlehen (EUR +184.7m) and from increasing a hybrid bond (EUR +8.3m) and loans (EUR +22.4m), the outflow for paying dividends (EUR -21.4m) and payouts to non-controlling interests (EUR -5.4m), the change in treasury shares held (EUR -12.0m) and settling financial liabilities (EUR -33.2m).

At 30 September 2015 cash and cash equivalents totalled EUR 302.7m.

Investments

No significant investments were made in the first three quarters of 2015 except the usual investments to replace machinery and construction site equipment. Despite the Group's strong position, PORR is continuing to prioritise strict cost controls across the entire Group.

Staff

In the first three quarters of 2015 PORR employed 13,499 people on average, an increase of 846 people against the same period of the previous year. The largest part of this 6.7% rise was caused by the increase in staff on the large-scale metro project in Qatar – here the number of workers is increasing as planned in line with progress on the project. In addition to Business Unit 4 – Infrastructure, the number of staff also increased in Business Unit 2 – CEE/SEE because of the takeover of Bilfinger Infrastructure. Staffing levels were practically unchanged in Business Unit 1 – DACH and Business Unit 5 – Environmental Engineering.

Opportunity and risk management

In order to identify opportunities and risks early on so that the requisite measures can be taken swiftly, the PORR Group has paid strict attention to the efficient organisation of opportunity and risk management in recent years. The focus here is on the areas of project management, lending and borrowing management, procurement, HR, liquidity, currency and interest exchange management, as well as monitoring risks related to markets and the general economy.

In recent years more staff have been allocated to opportunity and risk management and the early warning and analysis system has been expanded still further. When conducting international business, identifying and mitigating local and country-specific risks is a top priority.

Forecast

Given the positive first nine months of the business year, PORR is well on track for the full-year 2015. As long as there is no unexpected onset of winter, the Executive Board assumes that production output from the construction business in 2015 will match the high level of the previous year. The very high order backlog continues to have a positive impact and will facilitate a targeted and selective acquisition policy in the future, employing the principle of earnings over output.

There is no change to the positive earnings forecast for the full-year 2015. In addition to the full order books, the focus on the home markets with their high margins and strong creditworthiness will have an impact on PORR's liquidity and earnings, as will the consistent working capital management. The Executive Board thereby assumes a renewed increase in earnings for the full-year 2015. In the year under review PORR took over Bilfinger Infrastructure S.A. in Poland, marking a consolidation on this important market and also taking the first step towards Norway. PORR will continue to pursue this strategy of selectively strengthening core competencies in 2016.

In terms of strategy, PORR will continue to concentrate on its five home markets in the coming years, whereby further expansion activities in Germany and Switzerland will be an important focal point. The very high level in Austria should be maintained – and the order backlog suggests positive growth once again in 2016.

Segment report

Segment Business Unit 1 – DACH

Key data in EUR m	1–9/2015	1–9/2014	Change
Production output	1,401	1,439	-2.6%
Order bookings	1,907	1,363	39.9%
Order backlog	1,905	1,383	37.8%
Average staffing levels	7,003	6,997	0.1%

The segment Business Unit 1 – DACH (BU 1) is responsible for the home markets of Austria (including structural engineering) and Switzerland, building construction in Germany, as well as large-scale building construction projects with a special focus on general contractor and design-build services. The segment includes the activities of the TEERAG-ASDAG Group. BU 1 focuses on residential construction, office construction, industrial construction and road construction.

In Austria BU 1 has complete coverage across every federal province and has established itself as the market leader in recent years. The unit has also significantly consolidated its position in German building construction over the past years – with a current focus on industrial construction. In Switzerland PORR has enjoyed success for many years and is currently experiencing growth particularly in building construction.

The performance of BU 1 in the first three quarters of 2015 was characterised by a slight, planned decrease in output and a significant increase in the order backlog. At 30 September 2015 the production output of BU 1 stood at EUR 1,401m, a decline of EUR 38m or 2.6%. In Austria most of the federal provinces – with the exception of Burgenland, Tyrol and Vorarlberg – saw a decrease in output. In contrast, there was a sharp rise in output in Vorarlberg. Declines were recorded in Carinthia and Salzburg – triggered by the budget situation in the private sector – as well as in Vienna. Nevertheless, the strong growth in new orders in Vienna, Lower Austria and most of the other provinces suggests that this is a delay common to the industry rather than an ongoing decline.

While there was a mixed performance in the Austrian provinces, a significant expansion of output was achieved in Germany and particularly in Switzerland. PORR enjoys great success in building construction in these two countries – complemented as well by civil engineering in Switzerland. German civil engineering, in contrast, is handled by BU 4.

Even though the market situation in the three countries of BU 1 remains challenging and civil engineering in particular is suffering from the impact of public budget cuts, BU 1 is optimistic about the current business year. This is especially due to the very high order backlog. At 30 September 2015 the order backlog stood at EUR 1,905m, a jump of EUR 522m or 37.8%. In the reporting period order bookings of EUR 1,907m were as much as EUR 544m or 39.9% higher than the comparable period of the previous year. The credit standing of public and private clients in Austria, Germany and Switzerland remains the foundation for the Group's economic growth. The German and Swiss markets in particular continue to offer opportunities for expansion.

Segment Business Unit 2 – CEE/SEE

Key data in EUR m	1–9/2015	1–9/2014	Change
Production output	323	301	7.4%
Order bookings	440	331	33.0%
Order backlog	459	368	24.8%
Average staffing levels	1,693	1,467	15.4%

The segment Business Unit 2 – CEE/SEE (BU 2) covers PORR's permanent business on the home markets of Poland and the Czech Republic, where PORR offers a complete range of construction services in general building construction and civil engineering. It also deals with project-based activities in other CEE/SEE countries – at present these mostly relate to Romania.

PORR has consistently expanded its position in Poland and the Czech Republic in recent years and the company is an established player on both home markets. With the takeover of Bilfinger Infrastructure in Poland, PORR has also acquired significant civil engineering interests and an excellent team which is driving further market expansion. This is complemented by Bilfinger's activities in Norwegian bridge and road construction and tunnelling, which will be handled by BU 2 in the future.

BU 2 expanded its production output yet again in the first three quarters of 2015 and it totalled EUR 323m at 30 September 2015, a rise of EUR 22m or 7.4%. The strongest growth was achieved in Romania, where the projects acquired in building construction and civil engineering are currently being executed. While PORR continues to pursue new building construction projects for international investors, the political situation means that no new civil engineering projects are being offered at present. Output in the Czech Republic also saw pleasing growth. In this home market investments announced some time ago are now coming to fruition. Numerous calls for tender for major projects in road and rail construction are also expected in the coming quarters.

The civil engineering unit acquired from Bilfinger and renamed as PORR Polska Infrastructure had an impact on earnings for the first time. Here there is a clear focus on acquisitions, while output is currently being generated by realising existing projects. This contrasts with a slowdown in output in Polish building construction, where follow-up projects are only just starting to emerge after a range of project completions. However, the strong growth in order bookings shows that this does not relate to a levelling off of investments, but rather a temporal deferral.

The situation with orders continues to be positive. At 30 September 2015 the order backlog totalled EUR 459m, a rise of EUR 91m or 24.8%. There was a similar picture with order bookings of EUR 440m, which grew by EUR 109m or 33.0%.

PORR remains on a steady growth path in Poland and the Czech Republic. Furthermore, the acquisition from Bilfinger Infrastructure has enhanced expertise in bridge building and facilitated an expansion of the business to include activities in Norway, where high investment in infrastructure is expected in the coming years.

Segment Business Unit 4 – Infrastructure

Key data in EUR m	1–9/2015	1–9/2014	Change
Production output	693	640	8.3%
Order bookings	646	357	81.0%
Order backlog	2,193	2,241	-2.1%
Average staffing levels	2,914	2,342	24.4%

The segment Business Unit 4 – Infrastructure (BU 4) includes activities in tunnelling, rail construction and foundation engineering, as well as large-scale projects in road and bridge construction and civil engineering. The geographic focus is on the home markets of Austria, Germany, Switzerland, Poland and the Czech Republic, as well as individual countries in the CEE/SEE region. Furthermore, BU 4 is responsible for German civil engineering, the international markets which are managed from the hub in Qatar, and certain markets such as Slovakia, which is currently only being developed selectively for large-scale infrastructure projects.

BU 4 realises everything from specialised foundation engineering works to complex large-scale projects in railway construction and traffic infrastructure which cover the entire range of transport construction. In railway construction PORR developed the Austria Slab Track system together with ÖBB, the Austrian federal railways. More and more clients have come to rely on this system and it has led to numerous acquisitions in Austria and Germany in recent years. BU 4 is currently observing the target markets of the United Arab Emirates and Great Britain.

In line with the positive progress on large-scale projects, BU 4's production output rose once again and stood at EUR 693m on 30 September 2015, an increase of EUR 53m or 8.3%. The main reason for this growth was the advanced work on the large-scale project in Qatar, the Green Line of the Doha metro. This project was also responsible for the increase in staffing levels, which include the temporary workers in Qatar which are allocated to PORR. Output is also going to plan on PORR's other major construction sites – such as the Koralm Tunnel KAT 3 or the German projects related to Stuttgart–Ulm.

The performance of the order situation was also pleasing. While the order backlog of EUR 2,193m was slightly down on the comparable period, slipping back by EUR 48m or 2.1%, order bookings in the same period rose sharply. New orders totalled EUR 646m – an increase of EUR 289m or 81.0%. This sharp rise is due to the nature of the infrastructure sector, as individual order bookings can lead to strong fluctuations even from quarter to quarter.

BU 4's order backlog currently stands at around 2.5 times annual production output. This means that practically all of BU 4's capacity is utilised and it is possible to employ a selective approach to new acquisitions with a particular focus on the margins. In the coming years and particularly on the international markets, PORR will continue to concentrate on its export products in tunnelling, railway construction and foundation engineering.

Segment Business Unit 5 – Environmental Engineering

Key data in EUR m	1–9/2015	1–9/2014	Change
Production output	78	84	-6,7%
Order bookings	75	68	11,6%
Order backlog	36	31	18,0%
Average staffing levels	818	816	0,2%

The segment Business Unit 5 – Environmental Engineering (BU 5) is home to PORR's expertise in environmental clean-up and waste management. PORR Umwelttechnik also develops, builds and operates landfills, waste treatment and sorting facilities in Austria, Germany and Serbia. The activities have a clear focus on Austria. One important pillar is Vienna-based Prajo & Co. GmbH, a firm specialised in recycling demolition and construction waste which was acquired in 2013.

At 30 September 2015 BU 5 had achieved production output of EUR 78m, a decline of EUR 6m or 6.7%. This decrease was triggered by the planned completion of the large-scale project to demolish Voitsberg Power Plant in Styria in the previous year. There was a positive performance for BU 5 on the German market, where it was possible to achieve a significant increase in output.

The order situation continued to undergo satisfactory growth. The order backlog rose to EUR 36m, an increase of EUR 5m or 18.0%. BU 5 also achieved a rise in order bookings of EUR 7m or 11.6% to EUR 75m. In the reporting period the largest orders of BU 5 were the A23 Hochstraße Inzersdorf consortium and the works on the German Bavaria Towers and Bogenhausener Tor projects.

Following the strong earnings in recent years, BU 5 is also optimistic about the business year 2015. PORR's internal value creation and the ongoing focus on special solutions – such as the "A-GB-A" model (offering demolition, foundation engineering and excavation from a single source) – will make another positive contribution to Group profits this year.

Interim Consolidated Financial Statements as of September 2015

Consolidated Income Statement

in EUR thousand	1-9/2015	1-9/2014[1]	7-9/2015	7-9/2014[1]
Revenue	2,238,624	2,204,293	917,269	863,795
Own work capitalised in non-current assets	213	659	-41	114
Share of profit/loss of companies accounted for under the equity method	34,730	38,637	9,905	18,249
Other operating income	71,328	82,176	14,915	33,501
Cost of materials and other related production services	-1,480,242	-1,510,515	-630,994	-625,609
Staff expense	-597,997	-564,921	-224,614	-210,096
Other operating expenses	-177,399	-173,691	-52,748	-46,783
EBITDA	89,257	76,638	33,692	33,171
Depreciation, amortisation and impairment expense	-51,188	-46,294	-17,141	-15,427
EBIT	38,069	30,344	16,551	17,744
Income from financial investments and other current financial assets	13,608	12,408	4,664	8,101
Finance costs	-19,089	-27,647	-5,749	-11,702
EBT	32,588	15,105	15,466	14,143
Income tax expense	-8,616	-2,500	-2,326	-3,671
Profit/loss for the period from continued operations	23,972	12,605	13,140	10,472
of which attributable to non-controlling interests	128	211	239	233
of which attributable to holders of profit-participation rights	2,400	3,400	800	800
of which attributable to shareholders of the parent	21,444	8,994	12,101	9,439
Profit/loss for the period from discontinued operations	-	-429	-	-3,386
of which attributable to non-controlling interests	-	-	-	0
of which attributable to shareholders of the parent	-	-429	-	-3,386
Profit/loss for the period, continued operations	23,972	12,176	13,140	7,086
of which attributable to non-controlling interests	128	211	239	233
of which attributable to holders of profit-participation rights	2,400	3,400	800	800
of which attributable to shareholders of the parent	21,444	8,565	12,101	6,053
Basic (diluted) earnings per share, continued operations (in EUR)	0.75	0.33	0.42	0.35
Basic (diluted) earnings per share, discontinued operations (in EUR)	-	-0.02	-	-0.13
Basic (diluted) earnings per share (in EUR)	0.75	0.31	0.42	0.23

[1] The comparative figures have been adjusted retrospectively in accordance with IFRS 5.

Consolidated Statement of Financial Position

in EUR thousand	1-9/2015	1-9/2014[1]	7-9/2015	7-9/2014[1]
Profit (loss) for the period	23,972	12,176	13,140	7,086
Other comprehensive income				
Gains/losses from revaluation of property, plant and equipment	87	-94	-	-94
Remeasurement from benefit obligations	-	-13,284	-	-13,284
Income tax expense (income) on other comprehensive income	-	2,974	-	2,974
Other comprehensive income which cannot be reclassified to profit or loss (non-recyclable)	87	-10,404	-	-10,404
Exchange differences	-1,000	-308	-904	-243
Gains (losses) from fair value measurement of securities	-698	169	-217	83
Gains (losses) from cash flow hedges of associates				
Net total for the business year	-1,620	-	-	-
Gains/losses from cash flow hedges of associates	-	-4,061	-	-1,078
Income tax expense (income) on other comprehensive income	579	382	459	403
Other comprehensive income which can subsequently be reclassified to profit or loss (recyclable)	-2,739	-3,818	-662	-835
Other comprehensive income	-2,652	-14,222	-662	-11,239
Total comprehensive income	21,320	-2,046	12,478	-4,153
of which: attributable to non-controlling interests	128	223	228	245
Share attributable to shareholders of the parent and holders of profit-participation rights	21,192	-2,269	12,250	-4,398
of which: attributable to holders of profit-participation rights	2,400	3,400	800	800
Share attributable to shareholders of the parent	18,792	-5,669	11,450	-5,198

[1] The comparative figures have been adjusted retrospectively in accordance with IFRS 5.

Consolidated Statement of Financial Position

in EUR thousand	30.9.2015	31.12.2014
Assets		
Non-current assets		
Intangible assets	65,475	56,310
Property, plant and equipment	455,194	412,855
Investment property	34,313	46,767
Shareholdings in companies accounted for under the equity method	42,877	50,180
Loans	724	797
Other financial assets	139,668	139,663
Other non-current financial assets	60,046	16,292
Deferred tax assets	13,914	5,149
	812,211	728,013
Current assets		
Inventories	77,929	72,647
Trade receivables	984,468	725,101
Other financial assets	110,054	129,943
Other receivables and current assets	23,347	18,593
Cash and cash equivalents	302,742	465,617
Assets held for sale	14,826	6,116
	1,513,366	1,418,017
Total assets	**2,325,577**	**2,146,030**

Equity and liabilities		
Equity		
Share capital	29,095	29,095
Capital reserves	249,014	249,014
Hybrid capital	26,568	17,150
Other reserves	30,056	44,881
Equity attributable to shareholders of parent	334,733	340,140
Equity from profit-participation rights	42,360	44,160
Non-controlling interests	-168	871
	376,925	385,171
Non-current liabilities		
Bonds and SSD	340,902	155,294
Provisions	133,717	132,253
Non-current financial liabilities	105,862	96,528
Other non-current financial liabilities	1,707	2,319
Deferred tax liabilities	23,674	22,436
	605,862	408,830
Current liabilities		
Bonds	74,600	78,393
Provisions	122,030	125,007
Current financial liabilities	45,605	70,851
Trade payables	726,917	655,360
Other current financial liabilities	34,867	39,308
Other current liabilities	318,128	370,774
Tax payables	20,643	12,336
	1,342,790	1,352,029
Total equity and liabilities	**2,325,577**	**2,146,030**

Consolidated Cash Flow Statement

in EUR thousand	1-9/2015	1-9/2014[1]
Profit/loss for the period	23,972	12,176
Depreciation, impairment and reversals of impairment on fixed assets	54,046	47,717
Interest income/expense	34,400	21,121
Income from companies accounted for under the equity method	7,990	-9,383
Profits from the disposal of fixed assets	-5,747	-6,343
Decrease/increase in long-term provisions	-872	109
Deferred income tax	-2,719	-5,352
Operating cash flow	111,070	60,045
Decrease/increase in short-term provisions	-822	43,399
Increase in inventories	-3,170	-45,996
Increase in receivables	-200,129	-167,434
Decrease/increase in payables (excluding banks)	-50,517	44,198
Interest received	5,970	4,458
Interest paid	-30,713	-25,579
Other non-cash transactions	-3,929	2,188
Cash flow from operating activities	-172,240	-84,721
Proceeds from sale of property, plant and equipment and investment property	14,226	25,523
Proceeds from sale of financial assets	388	7,075
Proceeds from the disposal of assets held for sale	1,510	2,789
Payouts for financial investments	-49,578	-
Investments in intangible assets	-1,845	-1,702
Investments in property, plant and equipment and investment property	-53,714	-62,684
Investments in financial assets	-2,129	-5,116
Proceeds from the sale of consolidated companies	432	-
Payouts for the purchase of subsidiaries less cash and cash equivalents	-15,349	-
Cash flow from investing activities	-106,059	-34,115
Dividends	-21,375	-12,090
Dividends paid out to non-controlling interests	-5,359	-6,699
Capital increase	-	112,690
Schuldscheindarlehen	184,684	-
Repayment of bonds	-3,597	-
Proceeds from the sale of treasury shares	-	2,487
Payouts for the purchase of treasury shares	-12,010	-
Buyback of capital share certificates	-	-9,974
Obtaining loans and other financing	22,406	15,022
Redeeming loans and other financing	-58,824	-59,750
Hybrid capital	8,297	-
Cash flow from financing activities	114,222	41,686
Cash flow from operating activities	-172,240	-84,721
of which from discontinued operations	-	-16,570
Cash flow from investing activities	-106,059	-34,115
of which from discontinued operations	-	1,265
Cash flow from financing activities	114,222	41,686
of which from discontinued operations	-	-223
Change to cash and cash equivalents	-164,077	-77,150
Cash and cash equivalents at 1 January	465,617	332,907
Currency differences	1,202	-49
Changes to cash and cash equivalents resulting from changes to the consolidated group	-	1,998
Cash and cash equivalents at 30 September	302,742	257,706
Tax paid	3,907	7,642

[1] The comparative figures have been adjusted retrospectively in accordance with IAS 8.

Segment Report[1]

1–9/2015 in EUR thousand	BU 1 – DACH	BU 2 – CEE/SEE	BU 4 – Infrastructure	BU 5 – Environmental Engineering	Holding	Group
Production output (Group)	1,400,848	323,287	692,828	78,041	44,755	2,539,759
Segment revenue (Revenue, own work capitalised and other operating income)	1,354,931	341,290	523,847	54,784	35,313	2,310,165
Intersegment revenue	48,524	11,093	13,671	8,734	180,054	
EBT (Earnings before tax = segment earnings)	18,545	-3,421	18,256	24	-816	32,588

[1] Part of the notes

Statement of Changes in Group Equity

in EUR thousand	Share capital	Capital reserves	Revaluation reserve	Remeasurement from benefit obligations	Foreign currency translation reserves
Balance at 1 Jan 2014	24,203	139,632	24,203	-13,926	2,646
Total profit/loss for the period	-	-	-495	-9,909	-323
Dividend payout	-	-	-	-	-
Income tax on interest for holders of mezzanine capital	-	-	-	-	-
Treasury shares	-	-	-	-	-
Capital increase	5,290	108,958	-	-	-
Buyback of capital share certificates	-384	-	-	-	-
Changes to the consolidated group/acquisition of non-controlling interests	-	-	-1	-	-
Balance at 30 September 2014	29,109	248,590	23,707	-23,835	2,323
Balance at 1 Jan 2015	29,095	249,014	14,425	-24,477	3,517
Total profit/loss for the period	-	-	87	-	-1,316
Dividend payout	-	-	-	-	-
Hybrid capital	-	-	-	-	-
Income tax on interest for holders of hybrid/mezzanine capital	-	-	-	-	-
Purchasing treasury shares	-	-	-	-	-
Changes to the consolidated group/acquisition of non-controlling interests	-	-	-	-	-
Balance at 30 September 2015	29,095	249,014	14,512	-24,477	2,201

1–9/2014 in EUR thousand	BU 1 – DACH	BU 2 – CEE/SEE	BU 4 – Infrastructure	BU 5 – Environmental Engineering	Holding	Group
Production output (Group)	1,438,709	301,072	639,770	83,673	42,593	2,505,817
Segment revenue (Revenue, own work capitalised and other operating income)	1,374,670	321,081	479,595	51,367	60,415	2,287,128
Intersegment revenue	71,005	9,972	13,260	7,693	161,907	
EBT (Earnings before tax = segment earnings)	20,533	-10,340	4,487	3,262	-2,837	15,105

Total debt securities available for sale – fair value reserve	Reserve for cash flow hedges	Hybrid capital	Retained earnings and non-retained profit	Equity attributable to equity holders of the parent	Profit-participation rights	Non-controlling interests	Total
169	-31,571	-	153,377	298,733	46,120	2,809	347,662
127	-4,061	-	8,992	-5,669	3,400	223	-2,046
-	-	-	-12,090	-12,090	-6,160	-539	-18,789
-	-	-	850	850	-	-	850
-	-	-	2,487	2,487	-	-	2,487
-	-	-	-	114,248	-	-	114,248
-	-	-	-9,590	-9,974	-	-	-9,974
-	-	-	1,094	1,093	-	-1,390	-297
296	-35,632	-	145,120	389,678	43,360	1,103	434,141
324	-	17,150	51,092	340,140	44,160	871	385,171
-524	-1,215	1,121	20,639	18,792	2,400	128	21,320
-	-	-	-21,375	-21,375	-4,200	-1,159	-26,734
-	-	8,297	-	8,297	-	-	8,297
-	-	-	880	880	-	-	880
-	-	-	-12,010	-12,010	-	-	-12,010
-	-	-	9	9	-	-8	1
-200	-1,215	26,568	39,235	334,733	42,360	-168	376,925

Notes to the Interim Consolidated Financial Statements as of 30 September 2015

1. General Information

The PORR Group consists of PORR AG and its subsidiaries. PORR AG is a public limited company according to Austrian law and has its registered head office at Absberggasse 47, 1100 Vienna. The company is registered with the commercial court of Vienna under reference number FN 34853f. The Group deals mainly with the planning and execution of all kinds of building and construction work, as well as the management and operations of buildings constructed for the Group's own account.

These interim consolidated financial statements were published according to IAS 34 Interim Financial Reporting, using the standards of the International Accounting Standards Board (IASB), the International Financial Reporting Standards (IFRSs) adopted by the European Union, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

In accordance with IAS 34, the interim consolidated financial statements do not contain every comprehensive entry which is obligatory in the annual financial statements and therefore this interim report should be read in conjunction with the annual report of the PORR Group as at 31 December 2014. As per IAS 34, the consolidated results of the interim consolidated financial statements are not necessarily indicative of the annual results.

The reporting currency is the Euro, which is also the functional currency of PORR AG and of the majority of the subsidiaries included in these interim consolidated financial statements.

2. Consolidated Group and Acquisitions

The following seven companies were consolidated for the first time in these interim financial statements:

Because of new foundations and materiality	Date of initial consolidation
PORR UK Ltd.	12.3.2015
PORR Construction B.V.	3.3.2015
Porr Equipment Services Cesko s.r.o.	24.6.2015
Porr Beteiligungen und Management GmbH	8.4.2015
TEERAG-ASDAG Bau GmbH	2.9.2015
STRAUSS Property Management GmbH	16.7.2015

Because of acquisitions	
PORR Polska Infrastructure S.A. (formerly: Bilfinger Infrastructure S.A.)	14.8.2015

One company was liquidated and is therefore no longer included in the consolidated group.

TEUR 21,500 was used to purchase a 100% stake in PORR Polska Infrastructure S.A. The company operates in the business areas of road and bridge construction, civil engineering and power plant construction in Poland and Norway. The purchase price was provisionally allocated to the Group's liabilities and assets as follows:

in TEUR	14.8.2015
Non-current assets	
Intangible assets	11,611
Property, plant and equipment	13,799
Deferred tax assets	15,206
Current assets	
Inventories	2,112
Trade receivables	48,484
Other current financial assets	486
Other receivables and current assets	60
Cash and cash equivalents	6,151
Non-current liabilities	
Provisions	-350
Non-current financial liabilities	-267
Deferred tax liabilities	-11,010
Current liabilities	
Provisions	-7,032
Current financial liabilities	-432
Trade payables	-44,513
Other current financial liabilities	-260
Other current liabilities	-12,545
Purchase price	21,500

The acquisition led to the recognition of goodwill as the purchase price includes the benefits from synergic effects. The purchase price is to be considered as provisional, particularly with regard to the current assets. The initial consolidation of the company contributed TEUR 1,183 to earnings before taxes for the period and TEUR 18,053 to revenue.

3. Accounting and Valuation Methods

The accounting and valuation methods applied in the consolidated financial statements of 31 December 2014, which are presented in the notes to the consolidated annual financial statements, were used, unmodified, in the interim report, with the exception of the following standards and interpretations which have been adopted for the first time:

Amendments to standards and interpretations

Amendment to IAS 19 Employee Benefits

The amendment clarifies how contributions from employees or third parties which are linked to service should be attributed to periods of service and also permits a practical expedient if the amount of the contributions is independent of the number of years of service. The amendment applies to fiscal years beginning on or after 1 July 2014.

Annual Improvements to IFRSs (2010–2012 Cycle)

The Annual Improvements to IFRSs 2010–2012 Cycle contains a number of minor amendments to different standards. The amendments apply to fiscal years beginning on or after 1 July 2014. The standards affected by these amendments include: IFRS 2 Share-based Payment; IFRS 3 Business Combinations; IFRS 8 Operating Segments; IFRS 13 Fair Value Measurement; IAS 16 Property, Plant and Equipment; IAS 24 Related Party Disclosures; and IAS 38 Intangible Assets.

Annual Improvements to IFRSs (2011–2013 Cycle)

The Annual Improvements to IFRSs 2011–2013 Cycle contains a number of minor amendments to different standards. The amendments apply to fiscal years beginning on or after 1 July 2014. The standards affected by these amendments include: IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 3 Business Combinations; IFRS 13 Fair Value Measurement; and IAS 40 Investment Property.

The main purpose of the Annual Improvements project is to clarify the formulation of existing IFRSs and make small amendments to eliminate unforeseen consequences and conflicts.

New interpretations

IFRIC 21 – Levies

The interpretation provides guidance on when to recognise a liability for a levy imposed by a government. The interpretations apply to fiscal years beginning on or after 17 June 2014.

The first-time application of the interpretations and amendments to the standards has not had any impact on the consolidated financial statements.

The interim consolidated financial statements at 30 September 2015 use the same consolidation methods and basis for currency exchange as were used in the annual financial statements of 31 December 2014.

4. Estimates and Assumptions

Producing interim consolidated financial statements in accordance with IFRSs requires management to make estimates and assumptions which affect the amount and disclosure of assets and liabilities in the statement of financial position, income and expense, as well as entries regarding contingent liabilities in the interim report. Actual results may deviate from these estimates.

5. Seasonal Influence

In comparison to other industry sectors, the construction industry experiences seasonal variations with regard to revenue and profit due to seasonal factors. Revenue and profit are, as a rule, lower in the winter months than in the summer months. As a result of the fixed costs which exist, earnings are lower in the first three quarters than in the final quarter. These seasonal fluctuations are less pronounced in building construction than in civil engineering and road construction.

6. Earnings per Share

in TEUR	1–9/2015	1–9/2014
Proportion of deficit/surplus for the period relating to shareholders of parent, continued operations	21,444	8,994
Proportion of deficit/surplus for the period relating to shareholders of parent, discontinued operations	-	-429
Weighted average number of issued shares and capital share certificates	28,543,654	27,111,226
Basic earnings per share = diluted earnings per share, continued operations in EUR	0.75	0.33
Basic earnings per share = diluted earnings per share, discontinued operations in EUR	-	-0.02
Basic earnings per share = diluted earnings per share, total in EUR	0.75	0.31

7. Share Capital

Share capital	No. 2015	EUR 2015	No. 2014	EUR 2014
Ordinary bearer shares	29,095,000	29,095,000	14,547,500	29,095,000
Total share capital	29,095,000	29,095,000	14,547,500	29,095,000

As the result of an Executive Board resolution on 16 January 2015, PORR AG purchased 286,432 shares at a price of EUR 42.00 per share. This corresponds to around 1.9689% of share capital. The transfer was concluded on 21 January 2015. The purpose of the buyback was granting shares, for payment or free of charge, to employees, managers and members of the Group Executive Board or one of its associated companies; or as a consideration for assets transferred to the Company or its subsidiaries, including property, companies, operations or shares in one or more companies in Austria and abroad.

The Annual General Meeting on 3 June 2015 passed a resolution for a share split with a ratio of 1:2. This led ordinary shares to double from 14,547,500 to 29,095,000. The share capital of PORR AG remains unaffected by the share split and still totals EUR 29,095,000. The pro-rata amount of share capital per share is thereby EUR 1.00.

At the reporting date treasury shares totalled 595,412 shares, corresponding to 2.05% of the share capital

Hybrid capital

In March 2015 the Executive Board of PORR AG resolved to increase the hybrid bond issued in October 2014 (ISIN AT0000A19Y36) by up to EUR 7,945,500 in the course of a private placement. Of this total, EUR 5,000,000 was issued by 31 March 2015 and the remainder of EUR 2,945,000 by 31 May 2015.

8. Bonds and Schuldscheindarlehen (SSD)

On 12 August 2015 PORR AG placed a Schuldscheindarlehen (SSD) totalling EUR 185.5m. The issue consists of four tranches with terms of three and five years and with a choice of interest at fixed or variable rates, namely:

Tranche 1: EUR 21m: subject to fixed interest; maturity: 12 August 2018; interest rate: 1.764%
Tranche 2: EUR 81.5m: subject to variable interest; maturity: 12 August 2018; interest rate: 6-month EURIBOR plus 1.60%
Tranche 3: EUR 11m: subject to fixed interest; maturity: 12 August 2020; interest rate: 2.249%
Tranche 4: EUR 72m: subject to variable interest; maturity: 12 August 2020; interest rate: 6-month EURIBOR plus 1.85%

The two tranches subject to variable interest have been hedged using interest rate swaps (swapping variable rate for fixed rate), classified as a cash flow hedge. This results in a fixed interest rate of 1.9258% for the tranche due in 2018 and a fixed interest rate of 2.449% for the tranche due in 2020.

9. Financial Instruments

The carrying amount of the financial instruments as per IAS 39 is a reasonable approximation of the fair value, with the exception of bonds subject to fixed interest rates (fair value hierarchy level 1), deposits from banks subject to fixed interest rates (fair value hierarchy level 3), and other financial liabilities subject to fixed interest rates (fair value hierarchy level 3).

in EUR thousand	Measu-rement category	Carrying amount at 30.9.2015	(continuing) Acquisition costs	Fair Value other com-prehensive income	Fair Value affecting net income	Fair value hierarchy	Fair value at 30.9.2015
Assets							
Loans	LaR	821	821				
Other financial assets[1]	AfS (at cost)	4,151	4,151				
Other financial assets	AfS	10,743		10,743		Level 1	10,743
Other financial assets	AfS	124,774		124,774		Level 3	124,774
Trade receivables	LaR	984,468	984,468				
Other financial assets	LaR	168,142	168,142			Level 3	167,812
Other financial assets	FAHfT	1,836			1,836	Level 1	1,836
Derivatives (without hedges)	FAHfT	26			26	Level 2	26
Cash and cash equivalents		302,742	302,742				
Liabilities							
Bonds							
at fixed interest rates	FLAC	230,002	230,002			Level 1	247,870
SSD							
at fixed interest rates	FLAC	32,000	32,000			Level 3	30,288
at variable interest rates	FLAC	153,500	153,500				
Deposits from banks							
at fixed interest rates	FLAC	26,607	26,607			Level 3	24,897
at variable interest rates	FLAC	48,737	48,737				
Lease obligations[2]		74,337	74,337				
Trade payables	FLAC	726,917	726,917				
Other financial liabilities	FLAC	36,574	36,574				
Derivatives (without hedges)	FLHfT	166			166	Level 2	166
Derivatives (with hedges)		1,620		1,620		Level 2	1,620
by category							
Loans and receivables	LaR	1,153,431	1,153,431				
Cash and cash equivalents		302,742	302,742				
Available-for-sale financial assets[1]	AfS (at cost)	4,151	4,151				
Available-for-sale financial assets	AfS	135,517		10,743			
Financial assets held for trading	FAHfT	1,862			1,862		
Financial liabilities held for trading	FLHfT	166			166		
Derivatives (with hedges)		1,620		1,620			
Financial liabilities measured at amortised cost	FLAC	1,222,337	1,222,337				

in EUR thousand	Measu-rement category	Carrying amount at 31.12.2014	(amortised) Acquisition costs	Fair Value other com-prehensive income	Fair Value affecting net income	Fair value hierarchy	Fair value at 31.12.2014
Assets							
Loans	LaR	891	891				
Other financial assets[1]	AfS (at cost)	3,449	3,449				
Other financial assets	AfS	10,883		10,883		Level 1	10,883
Other financial assets	AfS	125,330		125,330		Level 3	125,330
Trade receivables	LaR	725,101	725,101				
Other financial assets	LaR	145,964	145,964				
Derivatives (without hedges)	FAHfT	177			177	Level 2	177
Cash and cash equivalents		465,616	465,616				
Liabilities							
Bonds							
at fixed interest rates	FLAC	233,688	233,688			Level 1	244,996
Deposits from banks							
at fixed interest rates	FLAC	15,407	15,407			Level 3	15,165
at variable interest rates	FLAC	43,483	43,483				
Lease obligations[2]		70,592	70,592				
Other financial liabilities							
at fixed interest rates	FLAC	17,770	17,770			Level 3	17,842
at variable interest rates	FLAC	20,122	20,122				
Trade payables	FLAC	655,360	655,360				
Other financial liabilities	FLAC	41,627	41,627				
Derivatives (without hedges)	FLHfT	5			5	Level 2	5
by category							
Loans and receivables	LaR	871,956	871,956				
Cash and cash equivalents		465,616	465,616				
Available-for-sale financial assets[1]	AfS (at cost)	3,449	3,449				
Available-for-sale financial assets	AfS	136,213		136,213			
Financial assets held for trading	FAHfT	177			177		
Financial liabilities held f or trading	FLHfT	5			5		
Financial liabilities measured at amortised cost	FLAC	1,027,457	1,027,457				

[1] These are related to Group shareholdings, predominantly shares in GmbHs, whose fair value cannot be reliably measured and for which there is no active market so that they are measured at acquisition cost less possible impairment. There are currently no concrete plans to sell.

[2] Lease obligations fall under the application of IAS 17 and IFRS 7.

Details on fair value financial instruments Level 3:

For the valuation of the mezzanine capital of TEUR 100,000 and the hybrid capital of TEUR 25,330 for UBM Development AG, the following input factors (pricing criteria) were applied:

- Mid Swap
- Credit spread UBM bond (Z-spread)
- Hybrid Spread

The sum of these factors corresponds to the current pricing of the hybrid bond.
As a second step, the current pricing and contractually agreed coupon were compared, thereby determining the necessary surcharges/discounts.

- If the current market pricing is higher than the contractually agreed coupon, then a discount is applied to the nominal amount;
- If the current market pricing is lower than the contractually agreed coupon, then a surcharge is applied to the nominal amount.

This resulted in the following valuation as at 30 September 2015:

	Mid Swap	Credit spread	Hybrid spread	Hybrid coupon in %
Balance at 30 June 2015	34.65	415.61	234	6.8426

in TEUR	Hybrid coupon in %	Nominal amount	Change in value	Fair value
Mezzanine capital	6.5	100,000	-342	99,658
Hybrid capital	6.0	25,330	-213	25,116

Sensitivities and interrelationships

The valuation methods applied are subject to fluctuation of the three input factors. Any change in a single factor results in a respective change in value (e.g. if the mid swap increases by 1 BP, the receivable decreases in value by 1 BP).

Possible interdependencies have not been considered, as it is not possible to assume either a significant negative or a significant positive correlation; therefore any individual change would increase the overall valuation in the respective amount.

10. Related Party Disclosures

There have been no significant changes in relationships between related companies, or any resultant obligations or guarantees since 31 December 2014.

As a result of entry into the Commercial Register on 19 February 2015 of the merger of PIAG AG with UBM AG and the universal succession of UBM Development AG, the companies in the UBM Development Group constitute related parties. Transactions in the business year between companies included in the PORR Group's consolidated financial statements and the UBM Group companies primarily relate to construction services and a loan totalling TEUR 150,000, of which TEUR 49,578 had been drawn on as at the reporting date. The loan is for the purpose of advance and interim financing of property development projects.

In addition to subsidiaries and associates, related parties include the companies of the Ortner Group as they or their controlling entity has a significant influence over PORR AG through the shares which they hold, as well as the Strauss Group, as a member of the Executive Board of PORR AG has significant influence over it, as well as the Kapsch Group, as a member of the Executive Board of PORR AG holds a key position at the same time as having significant influence over PORR AG. In addition to people who have a significant influence over PORR AG, related parties also include the members of the Executive and Supervisory Boards of PORR AG as well as their close family members.

11. Audit Disclosure

These interim financial statements of the PORR Group have neither been audited nor subjected to an audit opinion.

12. Events after the End of the Reporting Period

No events subject to disclosure occurred after the end of the reporting period.

27 November 2015, Vienna

The Executive Board

Karl-Heinz Strauss, MBA
Christian B. Maier
J. Johannes Wenkenbach

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group over the first nine months of the fiscal year, together with a description of the principal risks and uncertainties associated with the expected development of the Group for the remaining three months of the fiscal year and with regard to related party disclosures.

November 2015, Vienna

Karl-Heinz Strauss, MBA
Chief Executive Officer

Christian B. Maier
Executive Board Member

J. Johannes Wenkenbach
Executive Board Member

Acknowledgements

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The interim report can be obtained free of charge from the company at 1100 Vienna, Absberggasse 47, and may be downloaded from the website, www.porr-group.com/group-reports.

Disclaimer
This interim report 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.

The figures have been rounded off, whereby absolute changes are calculated using the rounded values, while relative changes (in percent) are calculated using the precise values. Percentages have also been rounded off.

Forecasts related to the future development of the Group take the form of estimates based on information available at the time of the interim report 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 interim 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 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.