Interim Report on the 3rd Quarter 2016

CONTENTS

THIS IS PORR

MANAGEMENT REPORT

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

KEY DATA

in EUR m	1–9/2016	1–9/2015	Change
Operating data			
Production output	2,788	2,540	9.8%
Foreign share	46.5%	45.9%	0.6 PP
Revenue	2,484	2,239	10.9%
Order backlog	5,181	4,647	11.5%
Order bookings	3,390	3,128	8.4%
Average staffing levels	14,941	13,499	10.7%
Income statement			
EBITDA	112.4	89.3	25.9%
EBIT	49.2	38.1	29.3%
EBT	40.8	32.6	25.0%
Interim profit	30.7	24.0	27.9%
Earnings per share (in EUR)	0.99	0.75	32.0%
Cash flow and investments			
Operating cash flow	84.3	89.8	-6.1%
Cash flow from operating activities	-207.2	-172.2	20.3%
Cash flow from investing activities	-126.3	-106.1	19.1%
Cash flow from financing activities	-52.4	114.2	-145.9%
Investments	-120	-58	108.2%
Depreciation/amortisation/impairment	-63.2	-51.2	23.4%

Statement of financial position	30.9.2016	31.12.2015	
Total assets	2,279	2,304	-1.1%
Equity (incl. non-controlling interests)	399	412	-3.2%
Equity ratio	17.5%	17.9%	-0.4 PP
Cash and cash equivalents	261.0	302.7[1]	-13.8%
Net debt	212	264[1]	-19.7%
Gearing ratio	0.53	-0.46	-

[1] Basis for comparison: as of 30 September 2015

The figures have been rounded off using the compensated summation method. Absolute changes are calculated from the rounded values, relative changes (in percent) are derived from the non-rounded values.

FOREWORD

Dear shareholders and respected business associates,

The third quarter of 2016 was another successful period for PORR. All key performance indicators such as production output, the order backlog, order bookings, and earnings show a highly satisfactory trend. This is even more pleasing given the fact that 2016 has not only been characterised by major political changes, but the construction sector has also undergone a permanent shift. The consolidation on the construction market is continuing at the same speed. Companies that have not made themselves fit for the future in a timely enough fashion are withdrawing from the competition. PORR recognised the signs of the times early on and took the appropriate steps.

At 30 September 2016 production output reached EUR 2,788m, an increase of EUR 248m or 9.8%. The foundation of our business success and our economic driver is Business Unit 1 – Austria, Switzerland, Czech Republic. PORR is better positioned here than ever before. The largest increase achieved by the company in percentage terms in the first three quarters of 2016 was in Germany. Here all three business fields – building construction, civil engineering, foundation engineering – grew significantly on PORR's second most important market. Business Unit 2 – Germany expects to achieve a new high in production output for the full-year.

As a result of postponements, Business Unit 3 – International remained at the same high level of the previous year in terms of output. However, the order backlog of this business unit experienced renewed growth and is allowing new projects to be acquired with a strict view on margins. Business Unit 4 – Environmental Engineering, Healthcare & Services managed to achieve sharp increases in both output and the order backlog and complements the service portfolio in specialist and niche areas.

The PORR order situation is highly satisfactory. The order backlog reported a renewed increase of 11.5%, while order bookings rose by 8.4%. The largest new orders since the start of the year included the D4/R7 motorway section, the Bratislava bypass in Slovakia, the Al Wakrah football stadium in Qatar and the office building Europaallee Zürich, lot F for the Swiss federal railways. The largest new project in the third quarter was the first tunnelling tender in Norway. PORR was awarded the tender from Nordland Fylkeskommune/Statens vegvesen to build a 5.5km-long section of County Road 17 in the Nordland province. The road is set to run through two tunnels. County Road 17 runs between Liafjellet and Olvikvatnet. The current route is at risk of avalanches. This is why the route of the new section will comprise a 1.9km-long tunnel through the Liafjellet Mountain, as well as an additional tunnel with a length of 360m to Lake Olvikvatnet.

Within the Group, the merger between TEERAG-ASDAG AG – a wholly owned subsidiary of PORR AG since 2012 – and PORR Bau GmbH took place as of 3 September 2016, marking an important milestone towards a unified brand. Since then TEERAG-ASDAG has operated as PORR Bau GmbH with the supplement "Civil engineering". Nothing will change with the familiar services, performance, markets, client relations, contact partners and the company's workforce. TEERAG-ASDAG and PORR have already been a de-facto single unit for years. With this merger we want to let the public know that we are a strong team and that our full service range offers all construction services and complete coverage throughout our markets. Bundling all competencies under PORR's strong umbrella brand yields internal and external value added: from optimised knowhow transfer for special tasks throughout the entire Group through to the efficient realisation of complex processes in the new structure.

In the past months PORR has taken further key steps towards the future. The growth in our figures is a testament to this. The outlook for the full-year reflects this good development and remains positive.

The Executive Board
November 2016, Vienna

Karl-Heinz Strauss
Chief Executive Officer

Christian B. Maier
Executive Board Member

J. Johannes Wenkenbach
Executive Board Member

PORR ON THE STOCK EXCHANGE

Losses on the international financial markets – ATX gains

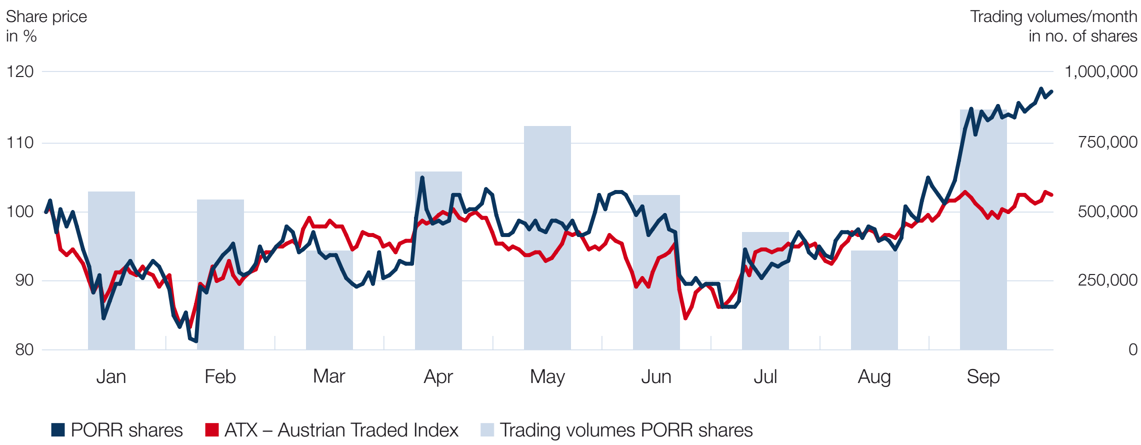
A weak start to the international stock exchanges at the start of the year was followed by a thunderbolt in the form of Brexit at the end of the second quarter, although its impact on the economic performance of the eurozone has remained in check until now. Most of the global stock markets ended the third quarter with slight losses. A renewed decrease of 2.1% is expected for US economic growth in the quarter just ended. Markets appeared increasingly burdened by uncertainty surrounding the US elections and possible interest rate hikes. In contrast to sporadic fears, the election of Donald Trump as US president has not had a negative effect on global stock prices, notwithstanding some individual sectors. Defence companies and the construction sector have even profited on the markets.

The stock exchanges of the emerging countries continue to be favoured by investors. Central banks worldwide are driving demand for assets with higher returns through their expansive monetary policy. The Japanese stock markets have been under pressure since the beginning of the year – although no further downturn is expected. What's more, an economic package should provide support.[1]

For the full year 2016 STOXX Europe 600 is expected to close down by -3.9%.[1] The annual performance of Eurostoxx 50 is forecast at 8.12%.[2] The DAX has experienced a slight loss since the start of the year (-0.5%)[3], while the Dow Jones Composite Average was up by around 9.3%[4].

After a volatile start to the year, the Austrian stock exchange, the ATX, grew sharply by 14.8% in the third quarter and was thereby able to compensate for the losses in the first half of the year. Overall, the ATX is up by 2.4% since the start of the year.

Share price and trading volumes of PORR shares in the first three quarters 2016 (index)



[1] http://www.bankaustria.at/boersen-und-research-analysen-und-research-aktien-und-anleihen-marktmeinung.jsp
[2] https://www.wienerborse.at/news/wiener-boerse-news/news/atx-schlaegt-die-grossen-westeuropaeischen-indizes-im-3-quartal/
[3] http://www.finanzen.net/index/DAX/Historisch
[4] http://www.finanzen.at/index/charttool/Dow-Jones-Composite-Average

Value of PORR shares increases

Following slight losses in the first half-year, a significant upwards trend was observed for the PORR share from mid-August, a trend that was accelerated by the positive results reported for the first half of the year. The price underwent a continuous rise and hit its year-high of EUR 32.13 on 28 September 2016. Overall, the share increased by 9.6% in the first nine months of 2016, thereby significantly outperforming the ATX.

Broad international shareholder structure

The largest percentage of shares in issue (54.7%) is held by the syndicate consisting of the Strauss Group and the IGO-Ortner Group. According to the analysis carried out at the start of 2016, the other shares have a broad international dispersion. The majority of shares are held by institutional investors.

Investor Relations

The goal of investor relations is transparent, timely information, which should allow every stakeholder to make a true and faithful evaluation of the company. In the period under review 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 comprehensive reports on its business performance as part of the quarterly teleconferences for analysts, institutional investors and banks, as well as at press conferences for journalists. PORR AG is currently covered by eight brokers: HSBC, Erste Group, Berenberg Bank, Hauck & Aufhäuser, HELVEA Baader Bank, Raiffeisen Centrobank, Kepler Chevreux and SRC Research.

MANAGEMENT REPORT

Economic environment

In the period under review the USA generated weaker economic growth, whereby it was mainly the decrease in investment demand hampering overall economic growth. In contrast to sporadic fears of negative impacts from the presidential election, these have not yet manifested themselves, or only in individual sectors.

Many threshold countries continue to find themselves in a difficult situation. The Russian economy is still impacted by EU sanctions, while the low price of fossil fuels is hampering foreign exchange revenue. Economic production also fell in Brazil in the second quarter, although initial indicators suggest an imminent improvement. In Japan growth also slowed somewhat in the second quarter to 0.2%, following good results at the start of the year. In contrast, China's economic growth continues to accelerate.[1]

Despite the temporary uncertainty on the financial and capital markets, Brexit has barely affected confidence in the eurozone. This also applied to the devaluation of the British pound, even if GDP in the second quarter experienced a slight decrease to 0.3%. Economic growth in Germany was reticent, particularly in private and public consumption. Nevertheless, future growth in the German construction industry is expected to be positive, according to an ifo survey.[2]

Growth rates in CEE remain robust – although there is variation between regions. Private consumption, which has been particularly strong in Poland not least because of the positive growth on the labour market and the related increase in purchasing power, continues to buoy growth in the region. A more expansive fiscal policy by the new government in Poland could even give a further boost to private spending. Growth of 3.8% has currently been forecast for the full-year in Poland, while the Czech Republic is also set to grow by a further 2.0%.[3]

The weak international economy also hampered economic performance in Austria. Economic growth in Austria slipped back slightly against the first quarter to 0.3% in the second quarter – once again boosted by the increase in public spending for refugee assistance. The tax reform that took effect at the start of the year continues to have a positive impact on consumption. Domestic demand is also continuing to boost the economy, while the contribution from exports is having a negative effect on earnings. Company forecasts and the WIFO early indicator point to a slight economic recovery in the coming months.[4]

Following a pronounced rise in real construction investment of 1.1% in the first quarter due to the mild weather, this fell to 0.9% in the second quarter. While residential construction only achieved moderate growth, other building construction – including commercial construction and offices – saw the sharpest rise. In contrast, civil engineering output shrank and the market may well remain challenging in the coming years.[5]

Development of output

PORR continued along its successful path once again in the third quarter. In the first nine months of 2016 production output was well above the comparable value of the previous year. At 30 September it totalled EUR 2,788m, thereby growing by 9.8%.

[1] WIFO Monthly Report, 2016, 89 (9), pages 619-621
[2] WIFO Monthly Report, 2016, 89 (9), pages 619 and 621-623
[3] http://www.rbinternational.com/eBusiness/services/resources/media/826124957350877869-826099894069199559-1149246623741341290-1-1-Na.pdf
[4] WIFO Monthly Report, 2016, 89 (9), pages 619 and 624
[5] WIFO Monthly Report, 2016, 89 (9), page 624

With an increase to EUR 1,529m (10.7%), Business Unit 1 – Austria, Switzerland, Czech Republic once again made the largest contribution to production output. The share of all five home markets in total output was around 88% in the first three quarters.

Business Unit 2 – Germany also achieved strong growth. In the period under review it increased to EUR 317m, a rise of 18.8%. Business Unit 4 – Environmental Engineering, Healthcare & Services also grew and generated EUR 137m, an increase of 15.2%. With output of EUR 768m, Business Unit 3 – International was at the level of the previous year (-0.1%). This was due to postponements in output on individual infrastructure projects – a common fluctuation for BU 3, whose business is driven by large-scale projects.

Contributing 53.5% of the total output, Austria was once again the most important PORR market by some margin, followed by Germany, whose share increased to 20.5% in the period under review. The acquisition of new large-scale projects also led to a significant increase in the share accounted for by the target markets of Great Britain and Norway. In line with the strategic focus, output in the other countries in the CEE region declined – with the exception of Slovakia, where PORR is executing the large-scale motorway project D4/R7.

Large-scale projects once again delivered the main contributions to output, particularly the Green Line of Doha metro in Qatar, the tunnel project Koralm KAT 3 and the major German projects Emscher Sewer in the Ruhr region, the projects related to Stuttgart 21 and the high-speed railway line VDE. The biggest contributors to building construction came from large-scale industrial projects in Germany such as the new production site and headquarters for Haribo in Bonn-Grafschaft.

Order balance

The order situation continues to be highly satisfactory for PORR. In the first three quarters of 2016 the order backlog reached a new record level of EUR 5,181m and thereby increased by EUR 534m or 11.5% year-on-year. Order bookings of EUR 3,390m achieved growth of EUR 262m or 8.4% against the previous year.

The largest new orders since the start of the year included the D4/R7 motorway section, the Bratislava Bypass in Slovakia, the Al Wakrah football stadium in Qatar, and the office building Europaallee, lot F, in Zurich for the Swiss Federal Railways. In Poland PORR acquired the S6 Koszalin–Sianów motorway project, and the new Zalando Campus in Berlin. Other important projects included the extension of the S8 Poręba–Ostrów in Poland, the Business Garden Bucharest office complex and the new construction of the Muçon Hotel in Munich. The largest new orders in the third quarter included the residential and hotel project Wettiner Platz in Dresden in building construction, as well as, in the infrastructure sector, the first tunnel tender in Norway, the construction of a 5.5km-long section of County Road 17 in the Nordland province. The road should run through two tunnels. In the Environmental Engineering sector PORR acquired the environmental clean-up project N12 Kapellerfeld.

Financial Performance

In the first three quarters of 2016 revenue amounted to EUR 2,484m, undergoing a significant increase of 11.0% against the comparable period of 2015. The performance of the individual expense items seen in the first two quarters continued in the third quarter. While the overall percentage accounted for by materials and other related production expenses broadly held steady (-0.4%), the revenue share accounted for by material expenses declined slightly (-2.9%), while the share of purchased services rose at practically the same pace (2.5%). The share of revenue accounted for by staff expense remained stable at 26.7%. Together with the disproportionately low increase in costs for other operating expenses, this led to a EUR 23.1m improvement in EBITDA to EUR 112.4m. Despite the increase in depreciation, amortisation and impairment at the end of the third quarter of 2016 (up by EUR 12.0m to EUR 63.2m), EBIT improved to EUR 49.2m as at 30 September 2016 and was thereby EUR 11.2m (29.3%) higher than the level of the previous year.

The Group once again succeeded in reducing financing expenses, which were EUR 2.6m (-13.4%) below the comparable value of the previous year. Reductions in financial investments at the end of the 2015 business year led to lower interest income in the period under review and to a decrease in income from non-current and current financial assets of EUR -5.6m to EUR 8.1m. Overall, this led to EBT that was EUR 8.2m higher and totalled EUR 40.8m. The earnings for the period stood at EUR 30.7m at the end of the third quarter 2016 and thereby increased by EUR 6.7m against the comparable period of the previous year.

Financial Position and Cash Flows

At 30 September 2016 the Group's total assets amounted to EUR 2,278.9m and were thereby EUR 25.1m lower than on the comparable closing date, 31 December 2015.

Non-current assets rose as the result of investments in property, plant and equipment, as well as acquisitions in associates and the related financing, by EUR 54.8m to EUR 770.7m. Current assets declined by a total of EUR 79.9m to EUR 1,508.3m due to the seasonal decrease in the high liquidity against 31 December 2015, despite the contrasting increase in trade receivables.

Equity increased due to the positive earnings for the period, while the payout of dividends in the first half of the year had a reductive effect. The equity ratio at 30 September 2016 stood at 17.5% compared to 17.9% as at 31 December 2015.

The high prepayments contained in current miscellaneous liabilities as at 31 December 2015 declined as planned due to the construction progress made on large-scale projects. This reduction was broadly offset by the seasonal expansion in trade payables, whereby current liabilities decreased by a total of EUR -18.0m. Non-current liabilities rose slightly by EUR 6.0m due to the higher provision requirements for social capital and an increase in a Schuldscheindarlehen, which was partially used for settling financial liabilities.

Net debt rose due to the reduction in cash and cash equivalents as the same time as the seasonal decrease in financial liabilities, increasing by EUR 398.6m to EUR 212.1m at 30 September 2016 (net cash position at 31 December 2015: EUR 186.5m).

Cash flow from operating activities of EUR -207.2m was significantly higher than the comparable period of 2015 by EUR 35.0m, as there was higher cash outflow in working capital than in the comparable period of the previous year. Cash flow from investing activities was EUR 20.3m lower than the comparable period of the previous year as the result of high investments in property, plant and equipment and investment property, as well as in project financing.

Cash flow from financing activities showed the cash inflow from taking out loans (EUR 19.6m) and increasing a Schuldscheindarlehen (EUR 14.5m), as well as the cash outflow for the payout of dividends (EUR -45.9m), reduced by the share of dividends in kind in the form of treasury shares (EUR +10.2m), from settling loans and borrowings (EUR -47.4m) and buying back bonds (EUR -3.1m).

At 30 September 2016 cash and cash equivalents totalled EUR 261.0m.

Investments

As in recent years, the usual high investments to replace machinery and construction site equipment and buy new equipment were also made in the first three quarters of 2016. Apart from this, no significant investments in additional material costs were undertaken.

Staff

In the first three quarters of 2016 PORR employed 14,941 people on average. With an increase of 1,442 people or 10.7%, the growth in staffing levels mirrored that of production output in the period under review. A significant part of the increase came from the first-time consolidation of more than 400 employees from the acquisition of PORR Polska Construction S.A.

Opportunity and risk management

Risk management focuses on the areas of project management, lending and borrowing management, procurement, liquidity, currency and interest exchange management, as well as monitoring risks related to markets and the general economy. The main priority of the PORR Group's opportunity and risk management is to implement processes in order to identify opportunities and risks early on so that the requisite countermeasures can be taken swiftly. In the past year the PORR opportunity and risk management system has been strengthened in terms of the organisation and personnel and the early warning system has been expanded.

Forecast

The outlook for the full-year 2016 remains positive. Production output, the order situation and operating earnings have all undergone growth. The performance on the home markets continues to be highly satisfactory, and is complemented by the good development in Qatar, the highly promising expansion with the first new projects in Norway and the UK, as well as the planned reduction of activities in the CEE/SEE region. With a few profitable focal points, PORR has successfully implemented its risk reduction strategy in the region.

Internally, the efforts to cut costs and implement optimisation are also progressing well under the "Roadmap 2020", supported by the major digitalisation offensive. Taking all of these positive indicators into account, the Executive Board expects a further increase in output and earnings for the current business year 2016.

SEGMENT REPORT

Business Unit 1 – Austria, Switzerland, Czech Republic

Key data in EUR m	1–9/2016	1–9/2015	Change
Production output	1,529	1,381	10.7%
Order backlog	1,881	1,669	12.7%
Order bookings	1,845	1,828	0.9%
Average staffing levels	7,520	7,352	2.3%

The activities on the permanent markets of Austria, Switzerland and the Czech Republic are included in the segment **Business Unit 1 – A/CH/CZ (BU 1)**. The segment covers building construction and civil engineering, structural engineering, foundation engineering, the raw materials business on these markets and various shareholdings (incl. IAT and ÖBA). The focus is on the fields of residential construction, office building, industrial construction and road construction. This segment additionally covers large-scale building construction projects – also those on international markets.

In Austria BU 1 has complete coverage across every federal province and has established itself as a market leader in recent years. In Switzerland PORR has enjoyed success in civil engineering for many years and has recently also increased its activities in building construction once again. The Czech Republic is a well-established PORR home market, in which the company has been represented for decades and has strong regional networks.

In the first three quarters of 2016 BU 1 managed to continue the good performance of the previous year, generating output of EUR 1,529m, an increase of EUR 148m or 10.7%. Here the largest part of the Austrian federal province achieved growth, especially the Greater Vienna region, which is particularly important to PORR, as well as Styria and Carinthia. Furthermore, Switzerland and the segment of large-scale building construction projects achieved strong increases, while output in the Czech Republic slipped back slightly against the previous year.

The growth in production output was accompanied by increases in the order situation, which also suggests positive growth for the coming years. The order backlog totalled EUR 1,881m, a rise of EUR 212m or 12.7%. Order bookings held steady at EUR 1,845m, experiencing a slight increase of EUR 17m or 0.9%.

The most important order bookings in the first three quarters were the Al Wakrah football stadium in Qatar, being developed together with BU 3, the Swiss project Europaallee Zurich, lot F, and the Muçon Hotel in Munich, being executed with BU 2. The residential complexes Triester Straße 40, Rosenhügel and Erdberger Lände in Vienna meant that large-scale projects were once again acquired on the important Vienna housing construction market. These were followed in the third quarter by new tenders including the residential complexes Leyserstraße, Dr. Otto Tschadek Straße and Michelhof.

BU 1 has retained its positive outlook for the current business year, even though the situation on the three markets of BU 1 remains challenging. The impact of the tight public budgets has been felt in civil engineering in particular – a situation that is expected to continue in the coming years. Thanks to its strong regional networks in Austria and good order situation in building construction, PORR is able to react flexibly to changes. In the coming years Switzerland will offer lucrative opportunities, particularly in building construction. There should also be opportunities in the Czech Republic due to the planned comprehensive investments in infrastructure.

Business Unit 2 – Germany

Key data in EUR m	1–9/2016	1–9/2015	Change
Production output	317	267	18.8%
Order backlog	786	676	16.2%
Order bookings	414	328	26.4%
Average staffing levels	1,033	916	12.8%

The segment **Business Unit 2 – Germany (BU 2)** encompasses all of PORR's activities on the home market of Germany, from building construction and civil engineering to foundation and structural engineering and does justice to the importance of PORR's second largest market. Particular focal points include private building construction, where PORR has established itself as a reliable partner to German industry. The market position has been consistently consolidated in recent years, also beyond the established presence in major urban areas. Further regions should be added in the coming years.

The expansion strategy of BU 2 is being implemented unchanged, with good opportunities in building construction in the sectors of residential, office, hotel and industrial construction as a result of the withdrawal of numerous competitors from the market. Here PORR is playing to its strengths, such as direct contact with customers, trustworthiness and a strong focus on solutions. The company's strengths are especially clearly demonstrated in its role as a design-build/general contractor, offering customised solutions from a single source.

In line with the growth strategy, production output underwent a sharp rise in the first three quarters of 2016, totalling EUR 317m at 30 September, an increase of EUR 50m or 18.8%. The growth was divided among all three focal areas: building construction, structural engineering and foundation engineering. Around two thirds of output came from building construction, whereby Berlin and Munich underlined their role as the most important locations.

The growth in orders was equally pronounced and allows the expectation of good capacity utilisation in the coming year. The order backlog reached EUR 786m, an increase of EUR 110m or 16.2%. Order bookings even rose by as much as EUR 414m, representing growth of EUR 86m or 26.4%.

The largest new orders in the first half-year included the Zalando Campus in Berlin, the Muçon Hotel in Munich, being developed together with BU 1, the La Tête office project in Düsseldorf and the Schlossquartier Kiel. In industrial construction the tender to build the administrative headquarters for Haribo in Bonn-Grafschaft was acquired, while the residential and hotel project Wettiner Platz Dresden followed in September. The most important new civil engineering tender is the A1 Düte Bridge project in Osnabrück.

Under the PORR strategy, the German market will continue to play a central role in the coming years. Germany is not only one of the five home markets and the most important foreign market, PORR has also developed an exceptional reputation as a reliable partner here in recent years. The backbone of the expansion will be utilising competitive advantages, for example in the design-build/general contractor sector, and the withdrawal of competitors. In the coming years PORR will continue its growth course in Germany and continuously expand its own position.

Business Unit 3 – International

Key data in EUR m	1–9/2016	1–9/2015	Change
Production output	768	769	-0.1%
Order backlog	2,321	2,212	4.9%
Order bookings	891	837	6.5%
Average staffing levels	4,024	3,145	27.9%

The segment **Business Unit 3 – International (BU 3)** is home to the project-based business activities in Poland, the Nordic region, Qatar, Slovakia, Romania, the UK and other future target countries. This business unit also includes the competencies in tunnelling, railway construction (including the Slab Track system) and bridge construction. In Poland and Romania BU 3 is also responsible for building construction and civil engineering, while PORR is additionally active in foundation engineering in Poland.

PORR is one of Europe's leading companies in many areas such as underground construction, conventional tunnelling with shotcrete right through to high-tech mechanical boring. In railway construction PORR developed the Slab Track system in cooperation with ÖBB, the Austrian Federal Railways. More and more clients rely on this system and it has led to numerous acquisitions in Austria, Germany and Qatar in recent years.

The business performance of BU 3 continues to be highly satisfactory. Owing to postponements in output on individual infrastructure projects, the production output of BU 3 of EUR 768m in the first three quarters of 2016 matched the level of the previous year (EUR -1m or -0.1%). This fluctuation is a common feature of the BU 3 business, as it is driven by large-scale projects, and does nothing to change the positive outlook for the segment.

This outlook is also confirmed by the good order situation, which improved once again in the period under review. The order backlog reached EUR 2,321m and was thereby up by EUR 109m or 4.9% yoy as at 30 September. Order bookings rose even more sharply and totalled EUR 891m, an increase of EUR 54m or 6.5%. The most important new orders were the PPP project Bratislava Bypass, the Al Wakrah football stadium in Qatar, being developed together with BU 1, the S6 Koszalin–Sianów motorway and the expansion of the S8 Poręba–Ostrów motorway, both in Poland. A pleasing development that is also a testament to the strategy employed involved the acquisitions in Great Britain, the Humber Pipeline north of London, as well as the first tunnel tender in Norway, building a 5.5km-long section of County Road 17 in the Nordland province. The road will run through two tunnels.

With the first project in Great Britain and the first tunnel project in Norway, PORR has succeeded in entering these highly promising and lucrative markets. Regardless of the possible exit from the European Union, Great Britain will invest billions in infrastructure in the coming years. There is a similar opportunity in Norway, where the prevailing high revenues from oil production mean that financing is secure. PORR has strong technological expertise in many sectors such as tunnelling and railway construction, as well as large-scale bridge construction through the Polish unit, which should also open up excellent opportunities in the future on both new and existing markets.

Business Unit 4 – Environmental Engineering, Healthcare & Services

Key data in EUR m	1–9/2016	1–9/2015	Change
Production output	137	118	15.2%
Order backlog	141	90	57.6%
Order bookings	197	136	44.4%
Average staffing levels	1,306	1,190	9.7%

Business Unit 4 – Environmental Engineering, Healthcare & Services (BU 4) is home to PORR Umwelttechnik GmbH, the equity interests Prajo, TKDZ and PWW, hospitals group, PORREAL and StraussProperty-Management, Thorn, ALU SOMMER, as well as activities related to PPP.

PORR Umwelttechnik develops, builds and operates landfills, waste treatment and sorting facilities in Austria, Germany and Serbia. The centre of these activities is in Austria. In addition, PORR Umwelttechnik is responsible for the activities of Prajo & Co. GmbH, a Vienna-based firm specialised in recycling demolition and construction waste.

At 30 September 2016 BU 4 had generated production output totalling EUR 137m, an increase of EUR 19m or 15.2%. The highest absolute growth came from Umwelttechnik, although the sharpest rise in percentage terms was achieved by PORR Beteiligungs- und Management GmbH, partly because of the successful acquisition of the PPP project Bratislava Bypass.

The order situation improved significantly against the previous year. The order backlog grew to EUR 141m, an increase of EUR 51m or 57.6%. There was similarly high growth in order bookings. These totalled EUR 197m, a rise of EUR 61m or 44.4%. The greatest contributors to this growth were the facade builder ALUSOMMER and PORR Beteiligungs- und Management GmbH, particularly 'hospitals'.

In addition to the outstanding expertise in environmental engineering, the equity interests of BU 4 complement PORR's service portfolio and open up lucrative niches. Thanks to the high cushion of orders, BU 4 is optimistic about the full-year 2016. Expanding PORR's internal value chain in niches and additional services such as facades or sewage technology strengthens PORR beyond its core competencies.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2016

Consolidated Income Statement

in TEUR	1–9/2016	1–9/2015	7–9/2016	7–9/2015
Revenue	2,483,719	2,238,624	974,476	917,269
Own work capitalised in non-current assets	557	213	225	-41
Share of profit/loss of companies accounted for under the equity method	30,571	34,730	11,430	9,905
Other operating income	86,750	71,328	27,786	14,915
Cost of materials and other related production services	-1,632,036	-1,480,242	-665,466	-630,994
Staff expense	-663,529	-597,997	-245,856	-224,614
Other operating expenses	-193,637	-177,399	-58,089	-52,748
EBITDA	112,395	89,257	44,506	33,692
Depreciation, amortisation and impairment expense	-63,174	-51,188	-23,473	-17,141
EBIT	49,221	38,069	21,033	16,551
Income from financial investments and other current financial assets	8,053	13,608	3,319	4,664
Finance costs	-16,524	-19,089	-5,025	-5,749
EBT	40,750	32,588	19,327	15,466
Income tax expense	-10,084	-8,616	-4,927	-2,326
Total profit/loss for the period	30,666	23,972	14,400	13,140
of which attributable to shareholders of the parent	28,383	21,444	13,322	12,101
of which attributable to holders of profit-participation rights	1,998	2,400	666	800
of which attributable to non-controlling interests	285	128	412	239
Basic (diluted) earnings per share (in EUR)	0.99	0.75	0.46	0.42

Consolidated Statement of Comprehensive Income

in TEUR	1–9/2016	1–9/2015	7–9/2016	7–9/2015
Profit/loss for the period	30,666	23,972	14,400	13,140
Other comprehensive income				
Gains/losses from revaluation of property, plant and equipment	-	87	-	1
Remeasurement from benefit obligations	-11,103	-	-	-
Income tax expense/income on other comprehensive income	2,863	-	-	-
Other comprehensive income which cannot be reclassified to profit or loss (non-recyclable)	-8,240	87	-	1
Exchange differences	-456	-1,000	980	-904
Gains/losses from fair value measurement of securities	762	-698	887	-217
Gains/losses from cash flow hedges				
Net total for the business year	-620	-1,620	193	-1,620
transferred to profit or loss	-	-	-	-
Income tax expense/income on other comprehensive income	-36	579	-270	459
Other comprehensive income which can subsequently be reclassified to profit or loss (recyclable)	-350	-2,739	1,790	-2,282
Other comprehensive income	-8,590	-2,652	1,790	-2,281
Total comprehensive income	22,076	21,320	16,190	10,859
of which attributable to non-controlling interests	297	128	427	228
Share attributable to shareholders of the parent and holders of profit-participation rights	21,779	21,192	15,763	10,631
of which attributable to holders of profit-participation rights	1,998	2,400	666	800
Share attributable to shareholders of the parent	19,781	18,792	15,097	9,831

Consolidated Statement of Financial Position

in TEUR	30.9.2016	31.12.2015
Assets		
Non-current assets		
Intangible assets	61,316	63,535
Property, plant and equipment	482,890	467,452
Investment property	33,957	33,574
Shareholdings in companies accounted for under the equity method	55,162	38,365
Loans	22,416	1,061
Other financial assets	90,244	89,617
Other non-current financial assets	12,740	13,308
Deferred tax assets	11,931	8,959
	770,656	715,871
Current assets		
Inventories	87,103	71,505
Trade receivables	1,025,172	751,855
Other financial assets	120,696	105,614
Other receivables and current assets	9,863	7,992
Cash and cash equivalents	260,959	647,243
Assets held for sale	4,481	3,917
	1,508,274	1,588,126
Total assets	**2,278,930**	**2,303,997**

Equity and liabilities		
Equity		
Share capital	29,095	29,095
Capital reserves	249,014	249,014
Hybrid capital	26,569	25,303
Other reserves	52,650	65,696
Equity attributable to shareholders of parent	357,328	369,108
Equity from profit-participation rights	41,958	43,160
Non-controlling interests	-270	-150
	399,016	412,118
Non-current liabilities		
Bonds and Schuldscheindarlehen	300,784	290,848
Provisions	136,408	124,685
Non-current financial liabilities	88,460	101,923
Other non-current financial liabilities	2,275	1,890
Deferred tax liabilities	29,723	32,309
	557,650	551,655
Current liabilities		
Bonds	47,755	45,852
Provisions	126,287	121,646
Current financial liabilities	36,021	49,047
Trade payables	730,104	631,713
Other current financial liabilities	26,464	34,970
Other current liabilities	329,146	441,017
Tax payables	26,487	15,979
	1,322,264	1,340,224
Total equity and liabilities	**2,278,930**	**2,303,997**

Consolidated Cash Flow Statement

in TEUR	1–9/2016	1–9/2015
Profit/loss for the period	30,666	23,972
Depreciation, impairment and reversals of impairment on fixed assets & financial assets	63,797	54,046
Interest income/expense	8,200	13,119
Income from companies accounted for under the equity method	-5,947	7,990
Dividends from companies accounted for under the equity method	1,905	-
Gains from the disposal of fixed assets	-10,036	-5,747
Decrease in long-term provisions	-1,392	-872
Deferred income tax	-2,890	-2,719
Operating cash flow	84,303	89,789
Increase/decrease in short-term provisions	4,618	-10,009
Increase in tax provisions	11,133	9,187
Increase in inventories	-15,268	-3,170
Increase in receivables	-264,061	-200,129
Decrease in payables (excluding banks)	-31,009	-50,517
Interest received	9,517	5,970
Interest paid	-6,964	-9,432
Other non-cash transactions	536	-3,929
Cash flow from operating activities	-207,195	-172,240
Proceeds from the sale of intangible assets	62	52
Proceeds from sale of property, plant and equipment and investment property	20,082	14,174
Proceeds from sale of financial investments	-	388
Proceeds from sale of financial assets	426	-
Proceeds from redeeming loans	125	-
Proceeds from the disposal of assets held for sale	26	1,510
Investments in intangible assets	-1,305	-1,845
Investments in property, plant and equipment and investment property	-83,458	-53,714
Investments in financial assets	-13,274	-2,129
Investments in loans	-22,078	-
Payouts for financial investments	-24,832	-49,578
Proceeds from the sale of consolidated companies	468	432
Payouts for the purchase of subsidiaries less cash and cash equivalents	-2,566	-15,349
Cash flow from investing activities	-126,324	-106,059
Dividends	-45,949	-21,375
Dividends paid out to non-controlling interests	-354	-5,359
Proceeds from non-cash dividends treasury shares	10,230	-
Schuldscheindarlehen	14,500	184,684
Repayment of bonds	-3,122	-3,597
Payouts for the purchase of treasury shares	-	-12,010
Obtaining loans and other financing	19,628	22,406
Redeeming loans and other financing	-47,359	-58,824
Hybrid capital	-	8,297
Cash flow from financing activities	-52,426	114,222
Cash flow from operating activities	-207,195	-172,240
Cash flow from investing activities	-126,324	-106,059
Cash flow from financing activities	-52,426	114,222
Change to cash and cash equivalents	-385,945	-164,077
Cash and cash equivalents at 1 Jan	647,243	465,617
Currency differences	-339	1,202
Changes to cash and cash equivalents resulting from changes to the consolidated group	-	-
Cash and cash equivalents at 30 September	260,959	302,742
Tax paid	1,650	3,907

Statement of Changes in Group Equity

in TEUR	Share capital	Capital reserves	Revaluation reserve	Remeasurement from benefit obligations	Foreign currency translation reserves
Balance at 1 January 2015	29,095	249,014	14,425	-24,477	3,517
Total profit/loss for the period	-	-	-	-	-
Other comprehensive income	-	-	87	-	-1,316
Total comprehensive income for the period	-	-	87	-	-1,316
Dividend payments	-	-	-	-	-
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
Balance at 1 January 2016	29,095	249,014	13,417	-25,540	3,190
Total profit/loss for the period	-	-	-	-	-
Other comprehensive income	-	-	-443	-8,240	-754
Total comprehensive income for the period	-	-	-443	-8,240	-754
Dividend payments	-	-	-	-	-
Proceeds from non-cash dividends treasury shares	-	-	-	-	-
Income tax on interest for holders of hybrid/ mezzanine capital	-	-	-	-	-
Changes to the consolidated group/acquisition of non-controlling interests	-	-	-	-	-
Balance at 30 September 2016	29,095	249,014	12,974	-33,780	2,436

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
324	-	17,150	51,092	340,140	44,160	871	385,171
-	-	1,121	20,323	21,444	2,400	128	23,972
-524	-1,215	-	316	-2,652	-	-	-2,652
-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
-645	-806	25,303	76,080	369,108	43,160	-150	412,118
-	-	1,266	27,117	28,383	1,998	285	30,666
571	-465	-	729	-8,602	-	12	-8,590
571	-465	1,266	27,846	19,781	1,998	297	22,076
-	-	-	-42,749	-42,749	-3,200	-354	-46,303
-	-	-	10,230	10,230	-	-	10,230
-	-	-	816	816	-	-	816
-	-	-	142	142	-	-63	79
-74	-1,271	26,569	72,365	357,328	41,958	-270	399,016

ACKNOWLEDGEMENTS

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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 using the compensated summation method. Absolute changes are calculated from the rounded values, relative changes (in percent) are derived from the non-rounded values.

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.