Half Yearly Report 2015

powered by PORR

Key Data

in EUR m	1–6/2015	1–6/2014	Change
Operating data[1]			
Production output	1,497	1,489	+0.5%
Foreign share	47.0%	37.9%	+9.1PP
Order backlog	4,830	4,518	+6.9%
Order bookings	2,269	1,609	+41.0%
Average staffing levels	12,950	12,284	+5.4%
Income statement[1]			
Revenue	1,321	1,340	-1.4%
EBITDA	56	43	+27.8%
EBIT	22	13	+70.8%
EBT	17	1	> 100%
Interim profit	11	2	> 100%
Earnings per share in EUR	0.33	-0.02	> 100%
Cash flow and investments			
Operating cash flow	65	38	+71.6%
Cash flow from operating activities	-251	-84	< -100%
Cash flow from investing activities	-81	-21	< -100%
Cash flow from financing activities	-58	88	< -100%
Investments	-35	-47	-26.7%
Depreciation/amortisation/impairment	-34	-31	+10.3%

in EUR m	30.6.2015	31.12.2014	Change
Statement of financial position			
Total assets	1,935	2,146	-9.8%
Equity (incl. non-controlling interests)	370	385	-3.9%
Non-current assets	783	728	7.5%
Current assets	1,152	1,418	-18.8%
Non-current liabilities	419	408	2.6%
Current liabilities	1,146	1,352	-15.3%
Net debt[1]	305	403[2]	-24.3%

[1] restated, PORR without development
[2] basis for comparison: as of 30 June 2014

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

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Foreword by the Executive Board

Dear shareholders and respected business associates,

PORR managed to continue its successful path in the first half of 2015 and now stands as a trailblazer in many areas of the Austrian construction industry. This achievement is not only reflected in the strong business performance, but can also be seen in the Group's innovations and technological advances.

The digital transformation of the construction industry has become a reality. PORR took the necessary steps early on in order to be at the forefront of the issues of the future such as Building Information Modeling (BIM), "paperless construction sites" and a modern world of work. The "**new** working **world**" at the PORR headquarters was broadly completed in the first half of 2015; all branch offices in Austria and abroad are set to follow or have already been brought up to these new standards. New information technology helps our staff to make the most of all of the opportunities offered by the "new world of work".

Transforming into a modern, technology-focused group, which draws on the findings of leading workplace experts, is essential for survival in the highly competitive environment in which PORR operates. Conditions on the Austrian construction market remain challenging. The need for budget consolidation – both at national and particularly at municipal level – is reducing the leeway of our public-sector clients ever more sharply. A similar trend is being seen on the other European construction markets and is stifling economic growth. There is a constant rise in the number of competitors, which is increasing pressure on margins. While general growth in construction output has been observed, it still lags far behind GDP growth.

The market leadership in Austria and strong position on the other home markets of Germany, Switzerland, Poland and the Czech Republic has broadly allowed PORR to buck this trend and the company recorded pleasing figures once again in the first half of 2015. Production output totalled EUR 1,497m and was thereby EUR 8m or 0.5% ahead of the comparable period despite of the weather-related later start to the construction season. PORR managed to achieve a significant increase once again in the order backlog and order bookings. A rise of 41% in order bookings means that PORR is very well placed not only for the current year, but also for the years ahead.

In order to consolidate this excellent position and sensibly complement the Group's own capacities, PORR has acquired Bilfinger Infrastructure S.A., one of the leading civil engineering companies on the Polish home market. This has enabled us to achieve full, permanent coverage in the civil engineering business and to fully benefit from the construction boom and EU financing in the coming years. Furthermore, the Bilfinger branch in Norway opens up a new, highly attractive market, in which PORR will concentrate on its core competencies of bridge, road and tunnel construction.

The Executive Board
August 2015, Vienna

Karl Heinz Strauss	Christian B. Maier	J. Johannes Wenkenbach
Chief Executive Officer	Executive Board Member	Executive Board Member

Highlights

PORR Deutschland to build new railway bridge in Magdeburg

Thanks to its comprehensive expertise in civil engineering and infrastructure, in March PORR Deutschland won the tender to build the new Ernst-Reuter-Allee railway bridge – directly in front of Magdeburg main station. The project plans to make the area a new focal point of the city. Completion is set for August 2019; the tender volume is EUR 57.9m.

PORR SUISSE realises new landmark in Zurich centre

The Swiss federal railways SBB have hired PORR SUISSE as design-build contractor for a four-phase construction project at Europaallee near the main station in the centre of Zurich. The first phase of the project consists of offices and commercial facilities, a public bicycle garage and a passageway. The second phase of construction will see another office building erected. The tender is worth around EUR 180m. The Europaallee passage and the bicycle garage are set for completion in 2017; the office buildings in 2019 and 2020.

Bavaria Towers – construction of the "New Gateway" to the city of Munich

In June PORR started construction on one of the most spectacular development projects in Bavaria's capital. The Bavaria Towers complex, designed by Madrid-based star architect-duo Nieto Sobejano Arquitectos, consists of four five-sided towers with a total of 77,651m² gross lettable space. The total investment volume is EUR 160m.

PORR takes over Bilfinger Infrastructure in Poland and Norway

The contract to buy Polish firm Bilfinger Infrastructure S.A. for a purchase price of EUR 21.5m was signed in June. The takeover will strengthen the Group's infrastructure activities on its home market of Poland – particularly in road and power plant construction as well as hydraulic engineering, civil engineering and bridge construction. PORR also acquired the Bilfinger subsidiary in Norway at the same time and has thereby secured entry to this attractive market.

Greenline Kačerov office complex opens in Prague

In an attractive location – with a direct exit off the Prague motorway towards Brno and good links to public infrastructure – the new office complex Greenline Kačerov has been completed with lettable space of around 15,000m². Construction began in April 2013 and the total sum invested was around EUR 35m.

Two new tenders for PORR Polska

PORR Polska managed to win out twice with its building construction expertise: the interrupted works on the Renaissance Hotel/Airport Chopin in Warsaw were awarded to PORR Polska after a further call for tenders in April. In parallel the company was awarded a general contractor tender to build a residential and business complex along with all necessary site development in Wrocław.

PORR on the Stock Exchange

Europe's financial markets under pressure in second quarter 2015

The positive growth on the stock markets in the first quarter 2015 – triggered by the European Central Bank measures and the sharp devaluation of the euro – was followed by a subdued mood in the second half in Europe's financial centres. Growing uncertainty surrounding the debt crisis in Greece was at the forefront here. Moreover, the expectation of a possible shift in interest rates in the USA coupled with rises in inflation led to market scepticism in the eurozone.

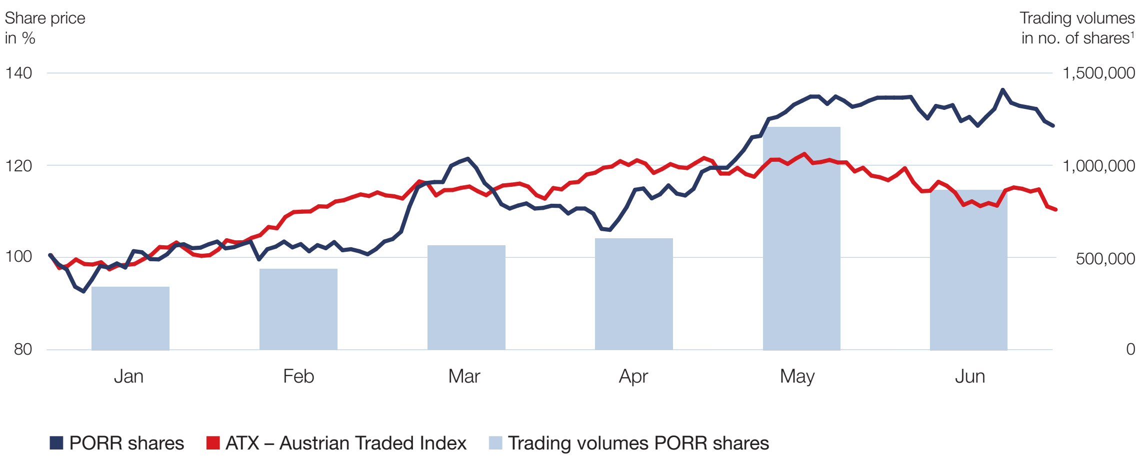
Against this backdrop, there was a steady increase in volatility on the European stock markets. The DAX, which had increased by 22% in the first quarter of 2015, was down by 8.5% in the second quarter, making it one of the most pronounced losers among the developed markets. The EURO STOXX 50 had to relinquish around half of its first-quarter growth, but at mid-year it was still an impressive 8.8% above closing at the end of 2014. The Vienna Stock Exchange performed well in the first half of 2015 and the leading ATX index closed up 11.7%. In contrast, the US share market had levelled off by the end of the first half of 2015: the S&P 500 underwent marginal growth of 0.2%, while the Dow Jones slipped back by 1.1%.

Attractive growth strategy through pure-play approach and share split

A focused, long-term strategy and the consistent reduction of risks were once again the most important factors driving PORR shares in the first half 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 had 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. 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 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.

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



[1] Following 1:2 share split

The high trust shown by investors is reflected in the share price. Despite the challenging market backdrop, the price of PORR shares was up by 28.6% since the start of 2015 – a key outperformer of the leading Vienna ATX index – and closed at EUR 28.6 at 30 June 2015. At the end of the first half market capitalisation stood at EUR 831.2m. Average trading volumes in the first half of 2015 were 34,352 shares.

International shareholder structure

The largest percentage of shares in issue – almost 54% – was 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 half 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. Since July PORR has also been covered by HSBC – another milestone in the company's capital market strategy of continuously increasing the visibility and appeal of the shares. The company is currently covered by eight brokers: HSBC, ERSTE Group, Berenberg, Baader, Raiffeisen Centrobank, Kepler Chevreux, SRC Research and Steubing.

PORR in Pictures

Messecarree Nord Lot B

Student halls of residence
Vienna | Austria
Gross floor area: 34,000m^2
Construction period: 2014–2015

Smart Campus

Wiener Netze headquarters
Vienna | Austria
Gross floor area: 100,200m^2
Construction period: 2014–2016

Business Garden Poznań

Office and service complex
Poznań | Poland
Gross floor area: 77,693m²
Construction period: 2013–2015

Ferio Wawer

Shopping centre
Revitalisation of heritage-protected building
Warsaw | Poland
Gross floor area: 22,159m²
Construction period: 2014–2015

New Apostolic Church Zofingen

Church and residences
Zofingen | Switzerland
Gross floor area: 5,560m²
Construction period: 2014–2016

Liaunig Museum

Museum expansion
Neuhaus | Austria
Expansion area: 2,500m²
Construction period: 2014–2015

Rudolfsheim-Fünfhaus care centre

Vienna | Austria
Gross floor area: 32,500m²
Construction period: 2013–2015

Prager Carrée

Residential and office complex
Dresden | Germany
Gross floor area: 44,005m²
Construction period: 2014–2016

Garant offices and administration

Pöchlarn | Austria
Gross floor area: 2,800m²
Construction period: 2013–2014

Graz-Gösting residential park

Seven complexes with 258 apartments
Graz | Austria
Gross floor area: 26,350m²
Construction period: 2013–2018

Eisenstadt residential complex

Six residential complexes with 110 dwelling units
Eisenstadt | Austria
Total residential space: 9,184m^2
Construction period: 2008–2014

U1/15 Wiener Linien

Metro construction, erecting bridge over the "Donauländebahn"
Vienna | Austria
Length of steel bridge: 60m
Construction period: 2014–2016

Hochmosel Bridge

Bridge construction
Rheinland-Pfalz | Germany
Bridge length: 1,700m
Bridge height: 158m
Construction period: 2011–2018

Grünhübl Bridge

Demolition of the arch bridge
using rope-pull technology
Judenburg | Austria
Demolition of 20,000t concrete
Construction period: 2014–2015

Stuttgart 21/ Filder Tunnel

New construction of railway tunnel
Baden-Württemberg | Germany
Two tunnel tubes 9.5km each
Construction period: 2011–2019

Stuttgart 21/ Albaufstieg

Boßler and Steinbühl Tunnel
New construction of railway tunnel
Baden-Württemberg | Germany
Two tunnel tubes of 8.8 and 4.2km
Construction period: 2012–2019

Stuttgart 21/Tunnel Ober-/Untertürkheim

New construction of railway tunnel
Baden-Württemberg | Germany
Two tunnel tubes 5.6km each
Construction period: 2011–2019

Muotathalerstraße Gibelhorn

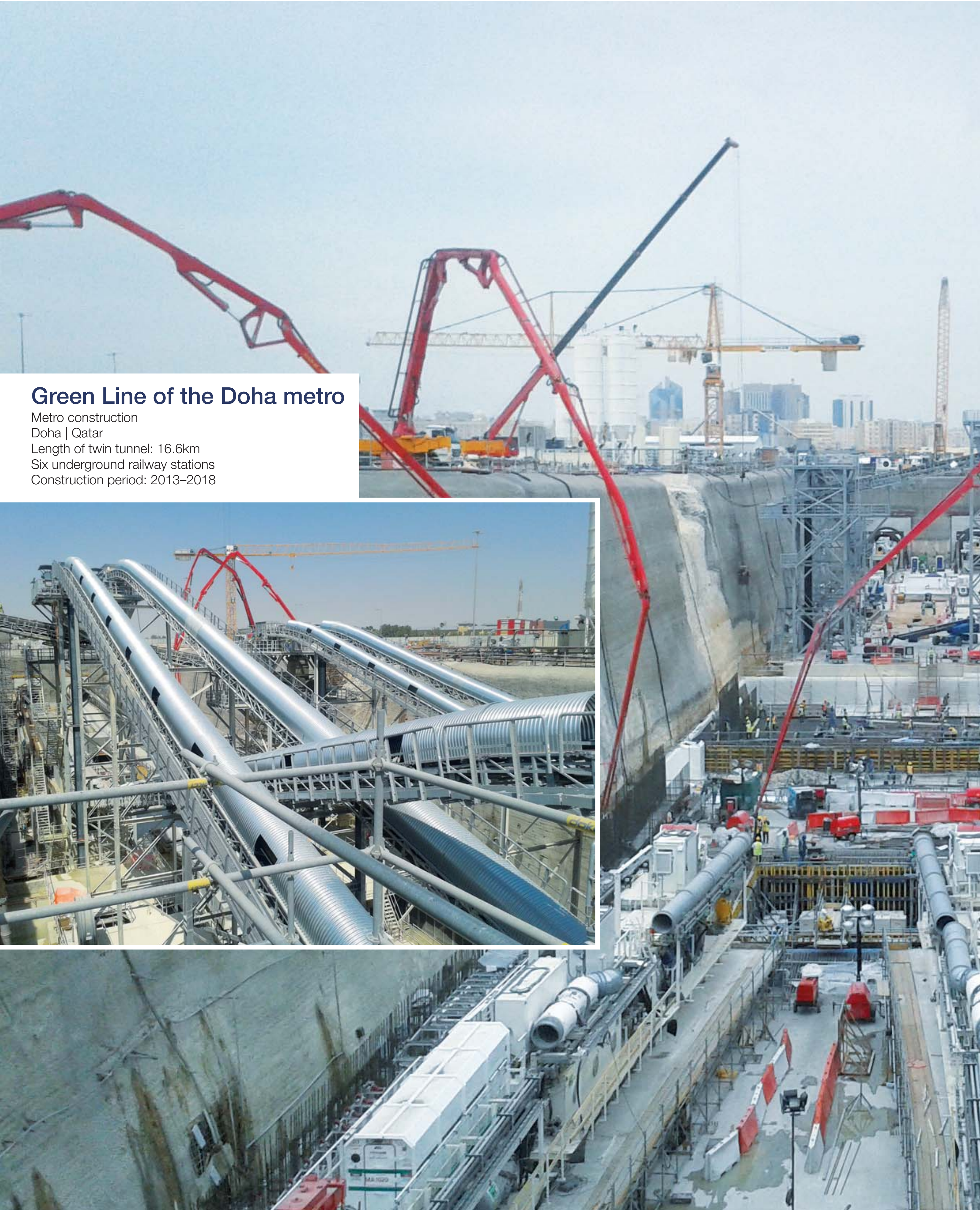
Road construction
Muotathal | Switzerland
Length: 1.2km
Construction period: 2013–2015

A12 Inntal motorway

General overhaul of four galleries and tunnels near Haiming/Silz
Tyrol | Austria
Total length of tunnels and galleries: 1,456m
Construction period: 2014

A12 Inntal motorway

Reconstruction of Völs/
Innsbruck-Kranebitten junction
Tyrol | Austria
Asphalt area: 21,000m^2
Construction period: 2014



Green Line of the Doha metro

Metro construction
Doha | Qatar
Length of twin tunnel: 16.6km
Six underground railway stations
Construction period: 2013–2018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Management Report

General Economic Environment[1]

The global economy is currently experiencing two conflicting trends. On the one hand there is an array of threshold countries with a significant slowdown in their economies, including China (GDP growth in the first quarter: +7.0%), Brazil (-1.6%) and Russia (-1.9%). In Russia the sanctions by Europe and the USA in particular, along with the low oil price, had their first significant impact. The USA itself also underwent a much weaker performance than originally forecast (-0.2%) in the first quarter. Here, the strength of the dollar, the harsh winter and the subsequent delay in construction investment had a surprisingly negative impact.

In contrast, India (+7.5%), Japan (+0.6%) and parts of the eurozone (overall +0.4%) achieved economic growth. The general upward trend in the EU was also felt by France (+0.6%) and Italy (+0.3%). In addition, Spain saw a stronger return to growth with GDP up by 0.9%, while there was a slowdown in growth in Great Britain, the Netherlands and Germany. As the economic weakness in Germany was caused by factors such as lower industrial production and weaker import activity, it also had an impact on Austria as one of Germany's key trade partners.

In Austria (+0.1%) the mood in every economic sector was subdued, although the most negative forecasts were in the construction industry.[2] The economy continues to suffer from relatively high inflation, rising unemployment, and high costs coupled with weak consumer spending. GDP growth is expected to remain below 1% in 2015 for the fourth year in a row. The unemployment rate as defined in Austria reached its highest level since the 1950s.[3] This performance highlights the need for structural reform, although in comparison to Germany or other eurozone countries Austria's deficit is also explained by special features, for example the delayed need to catch up after the crisis in certain Western European countries or a consumer-driven recovery in Germany.

According to Euroconstruct, the European construction industry is set to generate volumes of around EUR 1,360bn in 2015, representing growth of 1.9% against the previous year.[4] In the coming years construction output should rise by around 2.5% a year. However, this reticent rebound overall still means that European construction volumes continue to be around 14% below the levels of 2007, the year before the crisis hit.

Broken down by construction sector, the strongest growth of around 3.1% is expected in civil engineering – with double-digit growth figures forecast particularly in CEE countries. These reflect the massive need to catch up which still dominates the Eastern European infrastructure sector. In contrast, there are significantly lower growth rates forecast in the two building construction sectors of residential construction (+2.0%) and miscellaneous building construction (+2.2%).

There is a mixed picture for the PORR home markets. Slight growth above the 1% mark is expected in Austria and Germany in 2015, while Poland and particularly the Czech Republic are set to achieve much stronger growth, as construction output is experiencing a rebound following the crisis. Switzerland has already achieved very high levels of construction output and a decrease is expected in 2015 – although this will mainly be triggered by the completion of public infrastructure projects.

Development of Output[5]

In the first half of 2015 PORR's production output exceeded the level of the previous year, even though this year's winter meant a much later start to the construction season. At 30 June 2015 production output totalled EUR 1,497m, an increase of EUR 8m or 0.5%. Growth by business unit showed

[1] WIFO Monthly Report 06/2015, esp. pages 475-479
[2] WIFO Monthly Report 06/2015, p 478 f.
[3] WIFO Monthly Report 06/2015, p 497
[4] Euroconstruct press release dated 12 June 2015, available on www.euroconstruct.org
[5] The development of output relates to PORR restated and does not include development.

the sharpest rise of 10.8% in Business Unit 4 – Infrastructure, where capacity is fully utilised with large-scale projects in Qatar (Doha metro), Germany (incl. Stuttgart 21) and Austria (incl. Koralm Tunnel). Business Unit 2 – CEE/SEE was slightly above the level of the previous year by 0.3%. For Business Unit 1 – DACH the longer winter period compared to the previous year had among others an impact on the half-year results, although the 3.3% decline was limited. Business Unit 5 – Environmental Engineering was down by 5.8% on the previous year.

Austria remains PORR's largest market by some margin – the most important areas within the country were Vienna, Styria and Lower Austria. Germany was once again the second largest market and it was possible to increase output in the first half-year 2015. In addition to the major infrastructure projects such as Stuttgart 21 or the Emscher Sewer, PORR is developing a large number of medium-sized building construction projects for private investors. The company also sees excellent growth opportunities here in this sector in the coming years while urgently needed infrastructure investments are still on hold.

In the first half-year 2015 output declined in Poland due to the postponement of certain projects, although the growth in order bookings confirmed that the planned projects will be realised at a later date. On the other home markets, Switzerland was once again ahead of the Czech Republic in contrast to the preceding quarters. While PORR achieved strong growth on both markets, PORR managed to expand its position on the Swiss market even more decisively. Overall, PORR generated around 86% of production output on its home markets in the period under review.

Particularly sharp growth was recorded in Qatar as a result of the large-scale metro project, on which progress continues to be highly satisfactory. Rises have also been recorded in Romania, where the civil engineering and building construction projects acquired in the previous quarters are now being realised.

Order Balance[1]

The PORR order situation improved in the first half of 2015 and the order balance reached an all-time high. This is even more pleasing as it has now surpassed the previous high achieved in 2013 by the one-off effect of the Doha metro. The cushion of orders is now around 40% over an annual production output and has therefore secured excellent capacity utilisation for the coming years. Furthermore, PORR's positive order backlog facilitates the pleasing opportunity to acquire new projects with a clear focus on margins.

At 30 June 2015 the order backlog stood at EUR 4,830m, a rise of EUR 312m or 6.9%. Order bookings rocketed to EUR 2,269m and were thereby EUR 660m or 41.0% above the level of the previous year.

The largest new orders in the reporting period included the Europaallee for the Swiss federal railways at Zurich station, the major Bavaria Towers project in Munich, the Freiburg residential and hotel project and the Dufourstraße apartment complex in Zurich. In infrastructure construction it was possible to acquire the two Swiss tunnels, Ceneri and Albula, with the Prokocim hospital in Krakow and the Marriott Okecie hotel acquired in Warsaw.

The situation on the civil engineering market in Austria was more difficult as a result of public belt-tightening, although a range of new projects were acquired in building construction. These included the Pfarrwiesengasse 23 apartment building and the UBM project QBC 5 in Vienna and the Weiz state school centre.

Financial Performance

The construction industry traditionally generates lower revenue and consequently lower earnings in the first half-year due to seasonal factors. This seasonal fluctuation is due to the fact that construction output is weaker in the winter months and this has an impact on financial performance.

[1] The order balance relates to PORR restated and does not include development.

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

Revenue in the first half of 2015 slipped back slightly by 1.4% against the comparable period to EUR 1,321.4m. While the percentage accounted for by cost of materials and other related production expenses declined slightly (1.7PP), the revenue share accounted for by staff expense underwent a small rise (1.8PP) due to an increase in services provided by the Group. There were additional disproportionately high increases in other operating income (0.64PP) and income from companies accounted for under the equity method (0.36PP), whereby the figure from the joint ventures acquired is also included, leading to a EUR 12.1m improvement in EBITDA to EUR 55.6m. Despite the increase in depreciation, amortisation and impairment (EUR 3.2m to EUR 34.0m) in the first half of 2015, EBIT improved to EUR 21.5m at 30 June 2015 and was therefore EUR 8.9m (70.8%) higher than the comparable figure.

A significant decrease of EUR 2.6m (-16.3%) was achieved in finance costs, while better interest income led to a rise in financial income of EUR 4.6m to EUR 8.9m. Net finance costs thereby improved by EUR 7.2m to EUR -4.4m. This improvement in the operating performance and net finance costs led to significantly higher EBT of EUR 17.1m (EUR +16.1m against the comparable period). The profit for the period from continued operations amounted to EUR 10.8m.

Financial Position and Cash Flows

At 30 June 2015 the Group's total assets amounted to EUR 1,934.7m and were thereby EUR 211.3m lower than on the comparable closing date, 31 December 2014.

Under non-current assets, property, plant and equipment rose due to investments in construction machinery and construction measures on building premises (**"new** working **world"**) by EUR 20.9m to EUR 433.7m, as did other financial assets, primarily due to issued loans, by a total of EUR 43.9m to EUR 60.2m. In the first half of 2015 current assets declined by a total of EUR 266.0m as a result of the seasonal business performance. On the one hand, trade receivables were up by EUR 106.9m because of output; on the other hand, the high liquidity as at 31 December 2014 fell from EUR 465.6m to EUR 78.0m. 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 slightly 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 June 2015 improved by 19.1% compared to 17.9% as at 31 December 2014.

The high liquidity as at 31 December 2014 was used to settle current liabilities in the first half of 2015, whereby it was possible to decrease this item by a total of EUR 206.8m. Non-current liabilities remained broadly stable at EUR 419.4m (previous year: EUR 408.8m).

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 June 2015 by EUR 369.1m to EUR 304.6m.

Operating cash flow totalled EUR 65.2m in the first half-year of 2015, mainly as a result of the improvement in the loss for the period against the comparable period of the previous year. Cash flow from operating activities of EUR -250.7m was EUR 166.9m lower than in the comparable period 2014, as the high cash reserves at 31 December 2014 were drawn on to reduce working capital in the first half of 2015. A cash outflow for a current financial investment caused cash flow from investing activities of EUR -80.7m to fall by EUR 59.4m against the comparable period.

Cash flow from financing activities of EUR -57.7m showed the cash inflow from increasing a hybrid bond (EUR +8.3m), the outflow for paying dividends (EUR -21.4m), the change in treasury shares held (EUR -12.0m) and settling financial liabilities (EUR -33.2m).

At 30 June 2015 cash and cash equivalents totalled EUR 78.0m.

Investments

Investments in replacing and buying new machinery and construction site equipment rose in the first half of 2015. No other significant investments were made in property, plant and equipment. Despite the Group's strong position, PORR is continuing to prioritise strict cost controls across the entire Group.

Opportunity and Risk Management

The main purpose of opportunity and risk management in the PORR Group is to implement processes in such a way that risks can be identified early on so that the requisite countermeasures can be taken swiftly. Risk management focuses 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 strengthened. When conducting international business, identifying and mitigating local and country-specific risks is a top priority.

Staff

In the first half of 2015 PORR employed 12,950 people on average, an increase of 666 staff members or 5.4% against the comparable period. The change in staffing levels varied among the different business units, but broadly mirrored ongoing business activities. The number of staff increased year-on-year in Qatar, Romania and the Czech Republic and was accompanied by a capacity expansion in PORR Design & Engineering.

For many years PORR has focused on recruiting and training motivated youngsters who will be tomorrow's experts. In Austria PORR is the leading construction company in terms of cooperation with schools and universities. Networks are constantly expanded and nurtured with the goal of positioning the company as the "best place to work", a goal which has already been confirmed by multiple studies and rankings. In addition, PORR is represented at numerous career orientation events and information fairs. Efforts in recruiting have also been stepped up.

Forecast

There is no change to the positive forecast for 2015. In contrast to the first quarter, the slight decrease in output – caused by the later start to the construction season – was balanced out in the second quarter. This was accompanied by a significant expansion in orders and a new all-time high in the order backlog with strong growth in order bookings. The PORR Executive Board has therefore forecast a renewed increase in earnings for the full year.

In terms of strategy, PORR will continue to concentrate on its five home markets of Austria, Germany, Switzerland, Poland and the Czech Republic. An important factor here was the takeover of Bilfinger Infrastructure in Poland. While PORR has held a strong position in Polish civil engineering for many years, Bilfinger's experienced team and exceptional market access will facilitate full permanent market coverage for the first time. These assets in Poland are complemented by market entry in Norway, where Bilfinger has operated successfully for decades. Norway holds major opportunities for PORR in bridge and road construction and in tunnelling, which will be developed by the experienced local team in future.

Saudi Arabia is under observation from the hub in Qatar and entry into this target market will be prepared with local partner SBG should appropriate opportunities arise. In addition to Saudi Arabia, the target market of the UK is also in focus. As on all other international markets, here PORR will also concentrate on its core competencies in tunnelling, rail construction and foundation engineering.

Segment Report

Segment Business Unit 1 – DACH

Key data in EUR m	1–6/2015	1–6/2014	Change
Production output	826	854	-3.3%
Order bookings	1,316	1,092	+20.5%
Order backlog	1,895	1,708	+10.9%
Staff	6,789	6,792	-0.01%

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, the latter particularly through TEERAG-ASDAG.

In Austria BU 1 has complete coverage across every federal province and has established itself as a market leader in recent years. The unit has also significantly consolidated its position in German building construction over the past years. In Switzerland PORR has enjoyed success in civil engineering for years and has recently increased its activities in building construction projects.

Business operations

Parallel to the performance of the entire Group, there was a positive picture for BU 1 in the first half of 2015 – albeit with regional variation. Production output was slightly down against the previous year as a result of the weather, as this year's winter necessitated a later start to the construction season. At 30 June 2015 production output stood at EUR 826m, a decrease of EUR 28m or 3.3%. While there was sharp variation among Austria's federal provinces, it was possible to achieve a significant increase in output in Germany and particularly in Switzerland. In Austria output rose in Burgenland and Vorarlberg, whereas output declined in other provinces like Carinthia and Salzburg due to the budget situation and also in Vienna.

The situation with orders was also positive. In the first half of 2015 the order backlog grew to EUR 1,895m, an increase of EUR 187m or 10.9%. Order bookings even rose to EUR 1,316m and were up by EUR 224m or 20.5%. The largest new projects were in Switzerland and Germany. In addition to the Europaallee office building in Zurich, PORR managed to acquire a number of housing projects for the Swiss federal railways. New acquisitions in Germany included the major Bavaria Towers project in Munich.

Outlook

While the order situation was extremely satisfactory in Swiss and German building construction in the first half of 2015, there was a mixed picture in the Austrian federal provinces. The budget cuts had a particularly strong impact across every construction sector in Carinthia. Here PORR set a positive course and realised a new construction instead of renovating an existing office building. The credit standing of public and private clients in Austria, Germany and Switzerland remains the foundation for the Group's economic growth. BU 1 will therefore make a significant contribution in earnings once again in 2015.

Segment Business Unit 2 – CEE/SEE

Key data in EUR m	1–6/2015	1–6/2014	Change
Production output	167	167	+0.3%
Order bookings	262	159	+64.8%
Order backlog	438	331	+32.4%
Staff	1,611	1,450	+11.1%

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 for 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. PORR has been very successful in recent years in Romania in acquiring projects in civil engineering and building construction.

Business operations

The first half of 2015 was extremely positive for BU 2 in terms of acquisitions, while production output also rose to EUR 167m, an increase of EUR 1m or 0.3%. The rebound in investment was reflected in production output particularly in the Czech Republic, while in Romania PORR was working at full capacity to realise the numerous projects acquired. The high growth in order bookings nevertheless shows that this does not relate to a levelling off of investments, but rather a time delay.

In the reporting period both the order backlog and order bookings underwent a significant increase. The order backlog rose to EUR 438m, a jump of 107m or 32.4%. Order bookings rose even more sharply to EUR 262m, this corresponds to growth of EUR 103m or 64.8%. There were also several prestigious large-scale projects among the acquisitions, such as Prokocim hospital in Krakow, the Marriott Okecie hotel in Warsaw or the Ethos office project in Warsaw.

Outlook

PORR remains on a steady growth path in Poland, the Czech Republic and Romania, whereby the Czech Republic and Romania in particular have proven to be growth drivers in recent months. Also in Poland the projects which were postponed in the preceding quarters have now been put out to tender, which led to a sharp rise in order bookings. PORR is also active on other markets in the region on a project basis, as long as there is very good access to clients and co-financing from EU funds. The Bilfinger Infrastructure S.A. acquisition has expanded activities to include Norway. The company's longstanding market experience will sensibly complement PORR's portfolio in its defined core competencies.

Segment Business Unit 4 – Infrastructure

Key data in EUR m	1–6/2015	1–6/2014	Change
Production output	436	393	+10.8%
Order bookings	606	278	+118.0%
Order backlog	2,410	2,409	+0.1%
Staff	2,815	2,311	+21.8%

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. BU 4 currently has a very close eye on the target markets of Saudi Arabia and Great Britain.

BU 4 is one of Europe's leading companies in many areas such as underground construction, from conventional tunnelling with shotcrete right through to high-tech mechanical boring. In railway construction PORR developed the Austria 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 and Germany in recent years.

Business operations

In the first half of 2015 BU 4's production output increased yet again. At 30 June 2015 it totalled EUR 436m and was thereby EUR 43m or 10.8% higher than the comparable period of the previous year. The reason for this was very good capacity utilisation through large-scale projects – from the Green Line of the Doha metro to Koralm Tunnel KAT 3 through to German projects such as Stuttgart 21.

The order situation also improved. While the order backlog was similar to the previous year with minimal growth of EUR 1m or 0.1% to EUR 2,410m, PORR succeeded in more than doubling the level of new orders. Order bookings of EUR 606m represented growth of EUR 328m. This sharp rise is due to the nature of the infrastructure sector, as individual order bookings can lead to strong fluctuation even from quarter to quarter. The most important new projects in the first half year were the two Swiss tunnel projects Ceneri and Albula.

Outlook

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 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	1–6/2015	1–6/2014	Change
Production output	50	53	-5.8%
Order bookings	56	53	+4.2%
Order backlog	44	47	-5.8%
Staff	812	819	-0.9%

The segment Business Unit 5 – Environmental Engineering (BU 5) is home to the 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.

Business operations

BU 5 production output was EUR 50m in the first half of 2015 and was thereby EUR 3m or 5.8% lower than the comparable period. This meant that a large amount of the decline from the first quarter was compensated for, as it had been down by around 17.9% as of 31 March 2015. The decrease was triggered by the planned completion of the large-scale project Demolition of Voitsberg Power Plant in Styria, which has now been broadly offset by numerous acquisitions.

These new acquisitions had a positive impact on order bookings, while the order backlog slipped back against the previous year as a result of rapidly working off existing tenders. Order bookings reached EUR 56m, an increase of EUR 3m or 4.2%. The order backlog totalled EUR 44m, a decrease of EUR 3m or 5.8%. Important new projects in the first six months of 2015 included the demolition of the Baden regional hospital, the new construction of the Hochstraße Inzersdorf A23 elevated highway and the Bavaria Towers in Munich.

Outlook

Following the strong earnings in recent years, BU 5 is also optimistic about the business year 2015. PORR's internal extension of the value-creation chain 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 30 June 2015

Consolidated Income Statement

in EUR thousand	1–6/2015	1–6/2014[1]	4–6/2015	4–6/2014[1]
Revenue	1,321,355	1,340,498	792,555	799,172
Own work capitalised in non-current assets	254	545	153	-202
Share of profit/loss of companies accounted for under the equity method	24,825	20,388	18,917	11,712
Other operating income	56,413	48,675	25,981	26,610
Cost of materials and other related production services	-849,248	-884,906	-504,853	-522,144
Staff expense	-373,383	-354,825	-217,383	-207,951
Other operating expenses	-124,651	-126,908	-67,151	-64,226
EBITDA	55,565	43,467	48,219	42,971
Depreciation, amortisation and impairment expense	-34,047	-30,867	-16,627	-15,217
EBIT	21,518	12,600	31,592	27,754
Income from financial investments and other current financial assets	8,944	4,307	2,667	1,468
Finance costs	-13,340	-15,945	-5,103	-6,450
EBT	17,122	962	29,156	22,772
Income tax expense	-6,290	1,171	-6,745	-2,446
Profit/loss for the period from continued operations	10,832	2,133	22,411	20,326
of which: attributable to non-controlling interests	-111	-22	67	114
of which: attributable to holders of profit-participation rights	1,600	2,600	800	1,300
of which: attributable to shareholders of the parent	9,343	-445	21,544	18,912
Profit/loss for the period from discontinued operations	-	2,957	-	4,175
of which: attributable to non-controlling interests	-	-	-	-52
of which: attributable to shareholders of the parent	-	2,957	-	4,227
Total profit/loss for the period	10,832	5,090	22,411	24,501
of which: attributable to non-controlling interests	-111	-22	67	62
of which: attributable to holders of profit-participation rights	1,600	2,600	800	1,300
of which: attributable to shareholders of the parent	9,343	2,512	21,544	23,139
Basic (diluted) earnings per share, continued operations (in EUR)	0.33	-0.02	0.76	0.80
Basic (diluted) earnings per share, discontinued operations (in EUR)	-	0.11	-	0.16
Basic (diluted) earnings per share (in EUR)	0.33	0.09	0.76	0.96

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

Statement of Comprehensive Income

in EUR thousand	1–6/2015	1–6/2014[1]	4–6/2015	4–6/2014[1]
Profit/loss for the period	10,832	5,090	22,411	24,501
Other comprehensive income				
Revaluation of property, plant and equipment	86	-	-	-
Remeasurement from benefit obligations	-	-	4,809	-
Income tax expense (income) on other comprehensive income	-	-	-1,246	-
Other comprehensive income which cannot be reclassified to profit or loss (non-recyclable)	86	-	3,563	-
Exchange differences	-96	-65	-1,741	95
Gains (losses) from fair value measurement of securities	-481	86	-200	19
Gains (losses) from cash flow hedges of associates	-	-2,983	-	-1,847
Income tax expense (income) on other comprehensive income	120	-21	50	-4
Other comprehensive income which can subsequently be reclassified to profit or loss (recyclable)	-457	-2,983	-1,891	-1,737
Other comprehensive income	-371	-2,983	1,672	-1,737
Total comprehensive income	10,461	2,107	24,083	22,764
of which: attributable to non-controlling interests	-100	-22	47	64
Share attributable to shareholders of the parent and holders of profit-participation rights	10,561	2,129	24,036	22,700
of which: attributable to holders of profit-participation rights	1,600	2,600	800	1,300
Share attributable to shareholders of the parent	8,961	-471	23,236	21,400

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

Consolidated Statement of Financial Position

in EUR thousand	30.6.2015	31.12.2014
Assets		
Non-current assets		
Intangible assets	54,861	56,310
Property, plant and equipment	433,705	412,855
Investment property	45,555	46,767
Shareholdings in companies accounted for under the equity method	40,246	50,180
Loans	746	797
Other financial assets	139,889	139,663
Other non-current assets	60,242	16,292
Deferred tax assets	7,409	5,149
	782,653	728,013
Current assets		
Inventories	80,345	72,647
Trade receivables	831,998	725,101
Other financial assets	131,759	129,943
Other receivables and current assets	25,200	18,593
Cash and cash equivalents	77,997	465,617
Assets held for sale	4,723	6,116
	1,152,022	1,418,017
Total assets	**1,934,675**	**2,146,030**

Equity and liabilities		
Equity		
Share capital	29,095	29,095
Capital reserves	249,014	249,014
Hybrid capital	26,389	17,150
Other reserves	20,101	44,881
Equity attributable to shareholders of parent	324,599	340,140
Equity from profit-participation rights	45,760	44,160
Non-controlling interests	-393	871
	369,966	385,171
Non-current liabilities		
Bonds	155,501	155,294
Provisions	132,773	132,253
Non-current financial liabilities	100,639	96,528
Other non-current financial liabilities	2,216	2,319
Deferred tax liabilities	28,304	22,436
	419,433	408,830
Current liabilities		
Bonds	78,518	78,393
Provisions	113,151	125,007
Current financial liabilities	47,929	70,851
Trade payables	638,404	655,360
Other current financial liabilities	32,832	39,308
Other current liabilities	221,215	370,774
Tax payables	13,227	12,336
	1,145,276	1,352,029
Total equity and liabilities	**1,934,675**	**2,146,030**

Segment Report[1]

1–6/2015 in EUR thousand	BU 1 – DACH	BU 2 – CEE/SEE	BU 4 – Infrastructure	BU 5 – Environmental Engineering	Holding	Group
Production output (Group)	825,726	167,025	435,750	49,699	18,844	1,497,044
Segment revenue (Revenue, own work capitalised and other operating income)	812,715	175,860	327,326	36,852	25,269	1,378,022
Intersegment revenue	29,335	1,804	11,256	4,675	100,220	
EBT (Earnings before tax = segment earnings)	7,356	-2,060	9,386	-1,198	3,638	17,122

[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 January 2014	24,203	139,632	24,203	-13,926	2,646
Total profit/loss for the period	-	-	-	-	-68
Dividend payout	-	-	-	-	-
Income tax on interest for holders of profit-participation rights	-	-	-	-	-
Treasury shares	-	-	-	-	-
Capital increase	5,290	109,480	-	-	-
Changes to the consolidated group/ acquisition of non-controlling interests	-	-	-	-	-
Balance at 31 December 2014	29,493	249,112	24,203	-13,926	2,578
Balance at 1 January 2015	29,095	249,014	14,425	-24,477	3,517
Total profit/loss for the period	-	-	86	-	-421
Dividend payout	-	-	-	-	-
Hybrid capital	-	-	-	-	-
Income tax on interest for holders of profit-participation rights/hybrid capital	-	-	-	-	-
Purchasing treasury shares	-	-	-	-	-
Changes to the consolidated group/ acquisition of non-controlling interests	-	-	-	-	-
Balance at 30 June 2015	29,095	249,014	14,511	-24,477	3,096

1–6/2014 in EUR thousand	BU 1 – DACH	BU 2 – CEE/SEE	BU 4 – Infrastructure	BU 5 – Environmental Engineering	Holding	Group
Production output (Group)	854,025	166,563	393,318	52,735	22,571	1,489,212
Segment revenue (Revenue, own work capitalised and other operating income)	821,394	183,923	294,756	33,346	56,299	1,389,718
Intersegment revenue	37,368	1,834	3,265	3,507	105,385	
EBT (Earnings before tax = segment earnings)	9,924	-4,981	3,449	665	-8,095	962

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
65	-2,983	-	2,515	-471	2,600	-22	2,107
-	-	-	-12,090	-12,090	-6,160	-539	-18,789
-	-	-	650	650	-	-	650
-	-	-	2,480	2,480	-	-	2,480
-	-	-	-	114,770	-	-	114,770
-	-	-	1,136	1,136	-	-1,403	-267
234	-34,554	-	148,068	405,208	42,560	845	448,613
324	-	17,150	51,092	340,140	44,160	871	385,171
-361	-	939	8,718	8,961	1,600	-100	10,461
-	-	-	-21,375	-21,375	-	-1,156	-22,531
-	-	8,300	-	8,300	-	-	8,300
-	-	-	575	575	-	-	575
-	-	-	-12,010	-12,010	-	-	-12,010
-	-	-	8	8	-	-8	-
-37	-	26,389	27,008	324,599	45,760	-393	369,966

Consolidated Cash Flow Statement

in EUR thousand	1–6/2015	1–6/2014[1]
Profit (loss) for the period	10,832	5,090
Depreciation, impairment and reversals of impairment on fixed assets	35,791	31,582
Interest income/expense	9,685	14,761
Income from companies accounted for under the equity method	10,176	-4,387
Profits from the disposal of fixed assets	-5,618	-3,682
Decrease/increase in long-term provisions	520	303
Deferred income tax	3,781	-5,700
Operating cash flow	65,167	37,967
Decrease/increase in short-term provisions	-11,851	35,347
Increase in inventories	-7,698	-36,862
Increase in receivables	-112,107	-135,404
Decrease in payables (excluding banks)	-178,248	28,153
Interest received	3,655	3,026
Interest paid	-6,482	-17,787
Other non-cash transactions	-3,172	1,777
Cash flow from operating activities	-250,736	-83,783
Proceeds from sale of property, plant and equipment and investment property	9,457	19,163
Proceeds from sale of financial assets	140	4,179
Proceeds from the disposal of assets held for sale	1,401	2,795
Payouts for financial investments	-56,916	-
Investments in intangible assets	-1,344	-1,085
Investments in property, plant and equipment and investment property	-31,736	-43,043
Investments in financial assets	-1,674	-3,272
Cash flow from investing activities	-80,672	-21,263
Dividends	-21,375	-12,090
Dividends paid out to non-controlling interests	-1,156	-6,699
Capital increase	-	113,352
Proceeds from the sale of treasury shares	-	2,480
Payouts for the purchase of treasury shares	-12,030	-
Obtaining loans and other financing	1,756	9,789
Redeeming loans and other financing	-33,198	-18,536
Hybrid capital	8,300	-
Cash flow from financing activities	-57,703	88,296
Cash flow from operating activities	-250,736	-83,783
of which: from discontinued operations	-	-10,820
Cash flow from investing activities	-80,672	-21,263
of which: from discontinued operations	-	1,688
Cash flow from financing activities	-57,703	88,296
of which: from discontinued operations	-	838
Change to cash and cash equivalents	-389,111	-16,750
Cash and cash equivalents at 1 January	465,617	332,907
Currency differences	1,491	5
Changes to cash and cash equivalents resulting from changes to the consolidated group	-	1,998
Cash and cash equivalents at 31 March	77,997	318,160
Tax paid	2,193	4,346

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

Notes to the Interim Consolidated Financial Statements as at 30 June 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 four 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

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 June 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 two quarters than in the final two quarters. These seasonal fluctuations are less pronounced in building construction than in civil engineering and road construction.

6. Earnings per Share

in TEUR	1–6/2015	1–6/2014
Proportion of deficit/surplus for the period relating to shareholders of parent, continued operations	9,343	-445
Proportion of deficit/surplus for the period relating to shareholders of parent, discontinued operations	-	2,957
Weighted average number of issued shares and capital share certificates	28,566,052	26,238,616
Basic earnings per share = diluted earnings per share, continued operations in EUR	0.33	-0.02
Basic earnings per share = diluted earnings per share, discontinued operations in EUR	-	0.11
Basic earnings per share = diluted earnings per share, total in EUR	0.33	0.09

7. Share Capital

Share capital	No. in 2015	EUR 2015	No. in 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. 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 June 2015	(continuing) Acquisition costs	Fair Value other com-prehensive income	Fair Value affecting net income	Fair value hierarchy	Fair value at 30 June 2015
Assets							
Loans	LaR	842	842				
Other financial assets[1]	AfS (at cost)	4,154	4,154				
Other financial assets	AfS	10,870		10,870		Level 1	10,870
Other financial assets	AfS	124,865		124,865		Level 3	124,865
Trade receivables	LaR	831,998	831,998				
Other financial assets	LaR	189,866	189,866			Level 3	190,141
Other financial assets	FAHfT	1,997			1,997	Level 1	1,997
Derivatives (without hedges)	FAHfT	42			42	Level 2	42
Cash and cash equivalents		77,997	77,997				
Liabilities							
Bonds							
at fixed interest rates	FLAC	234,019	234,019			Level 1	244,744
Deposits from banks							
at fixed interest rates	FLAC	14,508	14,508			Level 3	14,042
at variable interest rates	FLAC	43,095	43,095				
Lease obligations[2]		72,780	72,780				
Other financial liabilities							
at fixed interest rates	FLAC	18,121	18,121			Level 3	18,173
at variable interest rates	FLAC						
Trade payables	FLAC	638,404	638,404				
Other financial liabilities	FLAC	35,048	35,048				
Derivatives (without hedges)	FLHfT	64			64	Level 2	64
by category							
Loans and receivables	LaR	1,022,706	1,022,706				
Cash and cash equivalents		77,997	77,997				
Available-for-sale financial assets[1]	AfS (at cost)	4,154	4,154				
Available-for-sale financial assets	AfS	135,735		10,870			
Financial assets held for trading	FAHfT	2,039			2,039		
Financial liabilities held for trading	FLHfT	64			64		
Financial liabilities measured at amortised cost	FLAC	983,195	983,195				

in EUR thousand	Measu-rement category	Carrying amount at 31 Dec 2014	(continuing) Acquisition costs	Fair Value other com-prehensive income	Fair Value affecting net income	Fair value hierarchy	Fair value at 31 Dec 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 for 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 June 2015:

	Mid swap	Credit spread	Hybrid spread	Hybrid coupon in %
Balance at 30 June 2015	50.3	393.57	234	6.7787

in EUR thousand	Hybrid coupon in %	Nominal amount	Change in value	Fair value
Mezzanine capital	6.5	100,000	-279	99,721
Hybrid capital	6.0	25,330	-197	25,133

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 1BP, the receivable decreases in value by 1BP).

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.

9. 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 46,121 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.

10. Audit Disclosure

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

11. Events after the End of the Reporting Period

The following events subject to disclosure occurred after the end of the reporting period:

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.

The subsidiary Porr Bau GmbH acquired Bilfinger Infrastructure S.A., upon the agreement dated 11 June 2015 and closing on 14 August 2015, at a purchase price of EUR 21.5m. The company operates in the business areas of road and bridge construction, civil engineering and power plant construction in Poland and Norway.

28 August 2015, Vienna

The Executive Board

Karl-Heinz Strauss
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 six 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 six months of the fiscal year and with regard to related party disclosures.

28 August 2015, Vienna

Karl Heinz Strauss Chief Executive Officer	Christian B. Maier Executive Board Member	J. Johannes Wenkenbach Executive Board Member

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.

Changes expressed in percentages relate to non-rounded values. Absolute figures have been rounded off using the compensated summation method.

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.