Interim Report on the 1st Quarter 2016

NEW BUILDING

powered by PORR

CONTENTS

KEY DATA

in EUR m	1–3/2016	1–3/2015	Change
Operating data			
Production output	648	592	9.6%
Foreign share	51.0%	50.2%	0.8PP
Revenue	598	529	13.1%
Order backlog	5,149	4,392	17.2%
Order bookings	1,218	925	31.7%
Average staffing levels	13,559	12,180	11.3%
Income statement			
EBITDA	12.9	7.3	75.7%
EBIT	-5.8	-10.1	42.0%
EBT	-10.0	-12.0	16.9%
Interim profit	-8.2	-11.6	29.3%
Earnings per share (in EUR)[1]	-0.31	-0.43	27.9%
Cash flow and investments			
Operating cash flow	9.0	5.7	57.9%
Cash flow from operating activities	-196.6	-199.3	1.4%
Cash flow from investing activities	-23.6	-37.1	36.3%
Cash flow from financing activities	-22.5	-31.7	29.0%
Investments	15.0	8.0	87.5%
Depreciation/amortisation/impairment	18.8	17.4	7.7%
Statement of financial position	31.3.2016	31.12.2015	
Total assets	2,111	2,304	-8.4%
Equity (incl. non-controlling interests)	403	412	-2.1%
Equity ratio	19.1%	17.9%	1.2PP
Cash and cash equivalents	404.5	647.2	-37.5%
Net cash/net debt	-38.1	186.5	-120.4%
Gearing ratio	0.09	-0.46	-
Capital employed	387	172	125.0%

[1] Adjusted to number of shares in 2015 to facilitate comparisons.

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 BY THE EXECUTIVE BOARD

Dear shareholders and respected business associates,

Thanks to our good positioning on the home markets and the strong acquisition record on the international markets, in the first quarter PORR once again achieved a successful business performance – despite the ongoing difficult environment. In the first three months of 2016 production output rose by 9.6% to EUR 648m. Surpassing the five-billion-euro mark, the order backlog set a new record and was significantly higher than the previous year at EUR 5,149m. Overall PORR continues to have more than one year of output on its order books. There was an even sharper increase in order bookings, which experienced growth of 31.7% to EUR 1,218m – the largest new tender by some margin was acquired in Qatar with the Al Wakrah Stadium, followed by large-scale orders in Switzerland, Poland and Germany.

The solid growth in output was also reflected in earnings. The negative earnings that are typical in the construction industry in the first quarter improved by around EUR 2m to EUR -10.0m. This pleasing development was not only caused by the high total output, but also reflects the increases in efficiency arising from our internal optimisation measures.

Based on this good start, we expect further increases in output and earnings for the current business year, 2016.

In order to do justice to the dynamic performance of our markets, we have implemented a new organisational structure in the period under review. The focus is still on the home and project markets, with an even sharper focus on the differing needs of permanent versus project business. The first-quarter reporting is already presented under the new segmentation – we now report on the segments Business Unit 1 – A/CZ/CH, Business Unit 2 – Germany, Business Unit 3 – International and, as previously, Business Unit 4 – Environmental Engineering, expanded to include Healthcare & Services. Our strategic focus of concentrating on the home markets is thereby unchanged, as is our strategy of intelligent growth. The new organisation reflects our reduced involvement in CEE/SEE countries, as well as our sharp focus on the home market of Germany, which has established itself as PORR's second most important market after Austria.

We continue to be confronted by a very challenging environment also in 2016, characterised on the one hand by weak economic data – and the subsequent cuts in public spending – and on the other by increasingly fierce competition and pressure on margins. Our answer to this backdrop is as follows: continuous operating improvements and a focus on new technologies. If we continue to succeed in accepting and anticipating market changes, we will be able to exploit opportunities and thereby master challenges well into the future.

This holds true in particular for our organisational focus, which we implemented last year and on which we are continuously working. The goal is to realise a new world of work and we are steadily coming closer to this goal. In addition to the conversion of all the company's workspaces that took place last year, the goal is to become a 'best place to work' and this should be felt in every area of the Group. With this mind, our "Work & Life @ PORR" project is set to change the Group permanently. While the turnaround was secured in recent years, the time has come to set the course for the future. In the current year PORR will be highly committed to the issue of diversity and will also take on a leading role in the industry with regard to corporate culture in the future. The goal is to ensure equal opportunities throughout the company and proactively exploit diversity.

The Executive Board
May 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

Uncertainty prevailing on financial markets

The increasing uncertainty about global economic growth and the ongoing slump in the oil price led the international stock markets to start the year 2016 with significant losses. Emanating from the Chinese market, the growing investor unease and high volatility caused a clear downward trend on the financial markets.

This volatile environment and the appreciation of the euro against the US dollar resulted in price losses on the most important European indices. In the first quarter 2016 the EURO STOXX 50 lost 8.2%, the DAX 3.1%, the Dow Jones Industrial Average recovered after a downswing until the end of January and closed up by 3.1%.

The start of the year was also volatile on the Austrian stock market. Following pronounced price losses in the first weeks of trading, a slight recovery set in from mid-February. The ATX was down overall by 5.3% in the first quarter and thereby performed slightly better than most other European stock markets.[1]

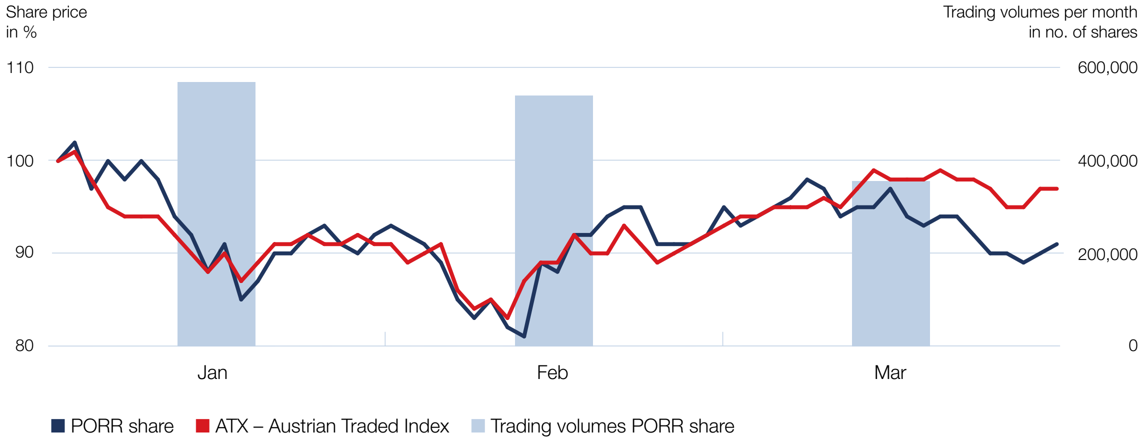
Slight decrease in PORR share

After a price increase of 25.4% in 2015, the PORR share experienced a slight decline – caused by the difficult capital market environment in the reporting period. It started the business year 2016 with a price of EUR 27.37 and hit its high for the quarter of EUR 27.80 the following day. Over the remainder of the quarter the share's performance mirrored that of the ATX, reaching its low of EUR 22.24 on 12 February. Following a slight recovery, the share closed at EUR 24.97 at 31 March and was thereby 10.7% below year-end 2015. Average trading volumes in the first quarter were 24,438 shares per day.

Broad international shareholder structure

The largest percentage of shares in issue – almost 54% – is held by the syndicate consisting of the Strauss Group and the Ortner Group. The analysis conducted at the start of 2016 shows that the other shares have a broad international dispersion. The majority of shares are held by institutional investors, whereby there was an increase in the distribution in Austria, the UK and the USA, while the share accounted for by investors in Germany declined.

Share price and trading volumes of PORR share in the first quarter 2016 (index)



[1] Raiffeisen Resarch: http://www.boerse-on.at/boerse-on/NA-1149182252852745768-NA-30-NA.html

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. Together with the investor relations team, the management 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 gave 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 held twice a year. PORR AG is covered by nine brokers at present: HSBC, ERSTE Group, Berenberg Bank, Hauck & Aufhäuser, HELVEA Baader Bank, Raiffeisen Centrobank, Kepler Chevreux, SRC Research und Steubing AG.

MANAGEMENT REPORT

General economic environment

The international economy has stabilised since the start of 2016, with indicators suggesting an end to the economic downturn, particularly in industrial countries. However, the underlying momentum is expected to remain subdued in the first half of 2016.[1] While growth in the USA slowed down significantly at the end of 2015, the economy is expected to remain robust as the result of the high consumer spending – forecasts for 2016 assume GDP growth of 2.0%. In China the structural shift from an export-focused economy to one centring on domestic growth, which has been underway for several years, has led to weaker economic growth that cannot be offset by economic policy measures. This, together with the currency devaluation and the decline in public investments, is set to lead to a further decrease in economic growth to 6.2%.[2] Emerging economies are continuing to suffer from the bottoming out of commodities prices. Growth picked up in the fourth quarter of 2015 – especially in the leading economies of Asia and Latin America, while Brazil and Russia continue to be mired in recession. The stifling impact of commodities prices and, in Russia's case, EU sanctions, is expected to remain in the forecasting period 2016 and the economy in threshold countries is thereby only set to achieve modest growth.

The sluggish economic recovery in the eurozone is ongoing. In Germany and France the rate of expansion remains fragile, with Spain the only country to achieve a significant increase in economic output. According to the European Commission's economic test, confidence fell in February 2016 across every economic sector with the exception of the construction industry – consumer spending and industry were shown to be the hardest hit. Low energy and commodities prices, the decline in unemployment rates and the looser fiscal policy are set to result in moderate growth of 1.4% in 2016.[3]

The strong growth in the CEE/SEE region is holding steady and real GDP growth is expected to reach just under 3.0% in 2016. Here consumer spending is playing a critical role, supported by favourable developments on the labour market and an increase in purchasing power. The strongest growth is set to be recorded by Poland (3.8%), Slovakia (3.5%) and Romania (4.0%).[4]

In light of the increase in domestic demand, the economy in Austria underwent a significant recovery in the first quarter of 2016. The rise in public spending led demand to increase by 0.3% in real terms.[5] The expenditure on refugee aid in particular led to a rise in consumption. Consumption was also driven by the latest tax reform, although the weak underlying economic momentum is set to continue in the current year and the public sector will also have to offset its spending in the medium term. The mood among companies worsened considerably in February, especially with the sentiment in manufacturing darkening as a result of global economic weakness. GDP growth of 1.6% has been forecast for the full year 2016.[6]

Forecasts suggest that construction investment is set to return to growth in the current year following a decline in 2015. Residential construction in particular may see a significant rise due to the growth in population and the migration flows. Nevertheless, the effects of the federal government's construction offensive and the plans to found a new investment bank for residential construction will not provide a stronger boost before 2017. Gross fixed capital formation should rise by 1.7% overall in 2016.[7]

[1] WIFO Monthly Report, 2016, 89 (4), p. 187
[2] ebenda, p. 189
[3] ebenda, p. 190
[4] Raiffeisen Resarch: http://www.boerse-on.at/boerse-on/NA-1149182252852745768-NA-30-NA.html
[5] WIFO press release_2016_05_11
[6] WIFO Monthly report, 2016, 89 (4), p. 191
[7] ebenda, p. 194

Development of output

Despite a difficult backdrop, PORR managed to significantly surpass the high level of output from the previous year in the first quarter of 2016. At 31 March 2016 production output stood at EUR 648m and was thereby EUR 56m or 9.6% higher than the comparative value of the previous year. The clear strategic focus on the home markets with strong creditworthiness – Austria, Germany, Switzerland, Poland and the Czech Republic – and on international infrastructure projects thereby once again paid off.

The growth in production output was split across all four business units, a development that provides a solid basis for the year as a whole. The highest contributor in absolute terms was Business Unit 1 – A/CH/CZ followed by Business Unit 3 – International. Business Unit 4 – Environmental Engineering, Healthcare & Services registered the weakest rise in relative terms. In line with the growth strategy in Germany, the new Business Unit 2 – Germany also underwent a rise against the previous year.

In the first quarter around 85% of production output was generated on the five home markets. Austria remained the most important market by some margin and was responsible for generating just under half of total production output. Accounting for 23.1%, Germany established itself as the second most important market, followed by Qatar. The good performance on the remaining home markets – especially Switzerland and the Czech Republic – as well as the entry to the Norwegian market and the output increase in Qatar led the foreign share of output to rise to 51.0%. With the exception of Lower Austria and Vienna, which remained stable at the high level of the previous year, all of the Austrian provinces succeeded in increasing their output.

The major infrastructure projects in Austria, Germany and Qatar had a particularly strong impact on output. The largest contributors to output came from the Green Line of the Doha metro in Qatar, projects related to Stuttgart 21, the Koralm Tunnel KAT 3 in Austria, the Emscher Sewer in the Ruhr area and the ongoing bridge projects in Norway. In building construction, the large-scale Smart Campus project in Vienna made an especially positive contribution to output.

Order balance

Once again setting a new record, the order backlog had risen at 31 March 2016 to EUR 5,149m, a significant increase of EUR 757m or 17.2% against the comparable period. This allowed PORR's cushion of orders to exceed EUR 5bn for the first time. There was an even sharper rise in order bookings in the period under review. These reached EUR 1,218m in the first quarter of 2016, an increase of EUR 293m or 31.7%.

The largest new order by some margin in the first quarter 2016 was acquired by PORR in Qatar, with the Al Wakrah Stadium in Doha. Other major orders included the Europaallee office building/lot F in Zurich for the Swiss Federal Railways, the S6 Koszalin–Sianów and the S8 expansion Poręba–Ostrow in Poland, the German building construction project Mucon Hotel in Munich, the La Tête office project in Düsseldorf and the Schlossquartier in Kiel. In the important Vienna area, PORR continued the success story of EURO PLAZA with construction phase 6. Beyond the home markets, PORR is pursuing a selective acquisition policy adjusted to the state of the markets. New projects are only processed if secure co-financing from the EU is in place, preferably in the core competency of infrastructure.

Financial performance

The construction industry traditionally generates lower revenue and consequently lower earnings in the first quarter due to seasonal factors. Construction output is weaker in the winter months and this has an impact on financial performance.

Revenue in the first quarter 2016 totalled EUR 598.3m, a significant increase of 13.1% against the comparable period in 2015. While the percentage accounted for by cost of materials and other related production expenses slipped back (-1.9%), the revenue share accounted for by staff expense remained broadly stable (+0.2%). This disproportionately low change in costs led to EBITDA that was EUR 5.6m higher and now totalled EUR 12.9m. Despite the increase in depreciation, amortisation and impairment (EUR +1.4m to EUR 18.8m) in the first quarter of 2016, EBIT at 31 March 2016 improved to EUR -5.8m and was thereby EUR 4.3m or 42.0% higher than the comparable figure.

Financing costs underwent a further reduction and were EUR 1.4m or -17% lower than the comparable period. Paying back financial investments in the business year 2015 led to lower interest income in the first quarter of 2016 and to a reduction in income from current and non-current financial assets of EUR -3.6m to EUR 2.7m. Overall this resulted in a EUR 2.0m rise in EBT to EUR -10.0m. The loss for the period amounted to EUR -8.2m in the first quarter 2016, marking an increase of EUR 3.4m against the comparable period of the previous year.

Financial position and cash flows

At 31 March 2016 the Group's total assets amounted to EUR 2,110.8m and were thereby EUR 193.2m lower than on the comparable closing date, 31 December 2015.

While non-current assets generally held steady, current assets declined by a total of EUR 200.6m against 31 December 2015, as a result of the seasonal reduction in the high levels of cash and cash equivalents.

Equity decreased slightly in line with the common business performance in the first quarter. The equity ratio stood at 19.1% at 31 March 2016 compared to 17.9% at 31 December 2015.

In terms of liabilities, important factors included a reduction of EUR -171.4m in current liabilities, on the one hand because the strong cash position at 31 December 2015 was used to settle current liabilities in the first quarter 2016 and on the other hand because of the reduction in prepayments received due to progress on construction projects. Non-current liabilities remained broadly stable at EUR 538.5m.

Net debt rose as a result of the reduction in cash and cash equivalents along with the simultaneous decrease in other current liabilities at 31 March 2016 by EUR 224.7m to EUR 38.1m (net cash position at 31 December 2015 of EUR 186.5m).

Operating cash flow was up by EUR 3.3m to EUR 9.0m, 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 -196.6m improved slightly by EUR 2.7m, while the high cash reserves at 31 December 2015 were drawn on to reduce working capital in the first quarter 2016. The lower outflow of cash for non-current financial investments led cash flow from investing activities to reach EUR 23.6m and therefore improve by EUR 13.4m against the comparable period of the previous year.

Cash flow from financing activities showed the cash inflow from taking out credit financing (EUR +5.1m), as well as the outflow from settling loans and borrowings (EUR -26.3m) and the buyback of bonds (EUR -1.3m).

At 31 March 2016 cash and cash equivalents totalled EUR 404.5m.

Investments

As in previous years, in the first quarter of 2016 considerable sums were invested for the replacement and acquisition of machinery and construction site equipment. No significant investments were made in additional material costs.

Opportunity and risk management

Risk management focuses on the areas of project management, lending and borrowing management, procurement, currency and interest exchange management, as well as monitoring risks related to markets and the general economy. The main goal of opportunity and risk management in the PORR Group is to define processes for allowing opportunities and risks to be identified early on so that the requisite measures can be taken swiftly. In the past year PORR has strengthened its opportunity and risk management in terms of both organisation and personnel and the early warning system has been expanded still further.

Staff

In the first quarter of 2016 PORR employed 13,559 staff members on average, an increase of 1,379 people or 11.3%. This rise was primarily due to acquiring companies – especially Bilfinger Infrastructure in Poland and Norway – as well as the significant expansion of international production output, particularly in Qatar, but also in Germany, Switzerland and the Czech Republic.

Forecast

PORR is well positioned. The good start to the construction season due to the favourable weather, the growth in production output in the first three months and in particular the very strong order backlog allow for an optimistic view of the full year 2016. PORR managed to increase the order backlog to over EUR 5bn for the first time – it is especially pleasing that the orders are distributed across every business unit. On the basis of this order situation, the Executive Board expects further increases in output and earnings for the current business year 2016. The sharp variations typical to the construction markets do, however, mean that this forecast is subject to a significant fluctuation range.

In strategic terms PORR will continue to concentrate on its five home markets of Austria, Germany, Switzerland, Poland and the Czech Republic – complemented by the project-based infrastructure activities on attractive markets. PORR is a leading construction company in Austria. Further growth will only be undertaken with a view to margins and numerous niches offer the opportunity to employ an earnings-focused approach. PORR is following a clear growth strategy in Germany. The disappearance of numerous major competitors has opened up many opportunities for PORR in building construction and civil engineering, particularly in general contractor and design-build services. PORR will also continue to expand its position in its permanent Czech business.

SEGMENT REPORT

Segment Business Unit 1 – A/CH/CZ

Key data in EUR m	1–3/2016	1–3/2015	Change
Production output	301	272	11.0%
Order backlog	1,992	1,415	40.9%
Order bookings	729	464	57.0%
Average staffing levels	6,340	6,198	2.3%

The Segment **Business Unit 1 – A/CH/CZ (BU 1)** is responsible for the activities on the permanent markets of Austria, Switzerland and the Czech Republic. These include building construction and civil engineering, structural engineering, foundation engineering, the raw materials business on these markets and various shareholdings (incl. IAT, BOMA and ÖBA). The focus is on the fields of residential construction, office building, industrial construction and road construction. This business unit 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 years and has once again recently increased its activities in building construction. The Czech Republic is a well-established home market for PORR, a market where the company has been represented for decades and has strong regional networks. The Czech construction market is undergoing significant growth as expected and will offer opportunities for PORR in the coming years.

BU 1 started the business year 2016 with a significant rise in output. Partly thanks to the good start to the construction season due to the weather, production output reached EUR 301m at 31 March 2016, an increase of EUR 29m or 11.0% against the first quarter of the previous year. The output growth was generated by every region in BU 1 – with building construction proving an especially strong growth driver. Almost every Austrian province recorded growth, while Vienna held steady at the high level of the previous year.

Despite the existing very high level, the order backlog reached a new record high. The order backlog stood at EUR 1,992m, which was EUR 577m or 40.9% higher than the comparable level. Order bookings of EUR 729m marked an increase of as much as EUR 265m or 57.0%. The largest order acquisition was in Qatar, where PORR was entrusted with the construction of the Al Wakrah Stadium. This major tender will be realised by the large-scale building construction projects unit together with BU 3. Sharp growth was once again seen in Switzerland where the Europaallee Zurich offices/lot F for the Swiss Federal Railways was the second-largest building construction tender acquired in the period under review. In Austria PORR was charged with numerous tenders including lot 6 of the EURO PLAZA, The Icon Vienna facade project and the Fritz Kandl-Gasse residential complex.

BU 1 is optimistic about the current business year even though the situation on the three countries of BU 1 remains challenging. The impacts of the tight public budgets have been felt in civil engineering in particular. The credit standing of both public and private investors in Austria and Switzerland is the foundation of economic growth. The Czech Republic, the new permanent market of BU 1, will represent a positive backdrop for the expansion of business activities due to the comprehensive investments in infrastructure which are planned, as well as from private clients in building construction.

Business Unit 2 – Germany

Key data in EUR m	1–3/2016	1–3/2015	Change
Production output	79	78	1.9%
Order backlog	734	594	23.5%
Order bookings	124	56	121.0%
Average staffing levels	1,001	902	11.0%

The new Segment **Business Unit 2 – Germany (BU 2)** encompasses 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 cities such as Munich, Berlin, Düsseldorf and Frankfurt. Further areas will be added in the coming years.

In the first quarter of 2016, BU 2 increased its production output to EUR 79m, a rise of EUR 1m or 1.9%. In particular foundation engineering underwent a significant increase due to working off the numerous tenders.

The order backlog grew by 23.5% or EUR 140m and reached a new high of EUR 734m at 31 March 2016. This high value represents a stable foundation for positive growth in the coming years. In the first quarter order bookings of EUR 124m even grew by as much as EUR 68m or 121.0%. The largest new orders were the Mucon Hotel in Munich, the La Tête office project in Düsseldorf and the Schlossquartier Kiel.

PORR defines Germany as its most important foreign market. Here the company offers its entire construction service portfolio and intends to expand its activities accordingly. The expansion will be based on exploiting competitive advantages and the withdrawal of competitors. Here PORR is focusing on areas in which the Group has clear added value. In Germany PORR has already established a strong presence in complex infrastructure and civil engineering projects. In building construction the Group should expand activities in the medium-volume segment. PORR is strengthening its positioning as a reliable partner to German industry with its trustworthiness and adherence to deadlines and costs. 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	1–3/2016	1–3/2015	Change
Production output	214	206	4.2%
Order backlog	2,251	2,272	-0.9%
Order bookings	268	334	-19.7%
Average staffing levels	3,898	3,056	27.6%

The Segment **Business Unit 3 – International (BU3)** is home to the project-based business activities in Poland, Scandinavia, Qatar, Slovakia, Romania, Bulgaria, UK and other future target countries. This business unit also includes the Group-wide 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.

In the first three months of 2016 the production output of BU 3 rose to EUR 214m, an increase of EUR 8m or 4.2%. The largest share of this growth was generated by tunnelling, the infrastructure construction activities of Porr Polska Construction, acquired in the previous year, and the works on the Doha metro in Qatar.

The order situation in the first quarter 2016 slipped back on that of the comparable period. While the order backlog stood at EUR 2,251m, a slight decrease of EUR 21m or 0.9%, and was thereby similar to the high level of the previous year, order bookings declined by EUR 66m or 19.7% to EUR 268m. This development is typical of BU 3's business that is driven by large-scale projects and which results in fluctuations due to the fact that projects span several years. Overall BU 3 has a very solid cushion of orders, equivalent to around two years of annual output. The tender to build the Al Wakrah Stadium in Qatar was acquired together with the BU 1 unit large-scale building construction projects.

The capacities of BU 3 are very well utilised with current projects, allowing a selective approach to acquiring new orders with a focus on the margins. PORR has strong technological expertise in sectors such as tunnelling and railway construction, as well as large-scale bridge construction through the Polish unit, which should also open up excellent market opportunities in the future and strengthen the Group's position on the markets. The goal is to make the most of every market opportunity which would promote long-term profitable growth, whereby risk management takes on an especially important role.

Business Unit 4 – Environmental Engineering, Healthcare & Services

Key data in EUR m	1–3/2016	1–3/2015	Change
Production output	42	35	18.7%
Order backlog	104	105	-1.4%
Order bookings	64	69	-5.9%
Average staffing levels	1,297	1,161	11.7%

The new **Business Unit 4 – Environmental Engineering, Healthcare & Services** is home to PORR Umwelttechnik GmbH, the equity interests Prajo, TKDZ and PWW, hospitals, PORREAL and Strauss-PropertyManagement, 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.

The production output of BU 4 reached EUR 42m in the first quarter of 2016 and was thereby EUR 7m or 18.7% more than the comparable period of the previous year. Factors driving this growth included demolition works, healthcare projects, and activities in the field of PPP.

The order situation was slightly below the level of the previous year. The order backlog stood at EUR 104m and was thereby EUR 1m or 1.4% lower than the level of the first quarter 2015. Order bookings declined by EUR 5m or 5.9% to EUR 64m.

Thanks to the high cushion of orders and its renowned competency in niche areas, BU 4 is optimistic about the year 2016. Expanding PORR's internal value chain in niches such as environmental engineering, project development or additional services such as facades or sewage technology strengthens PORR beyond its core competencies.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2016

These consolidated interim financial statements of the PORR Group have been compiled in accordance with the rules of the Vienna Stock Exchange and apply the accounting and valuation methods applied in the consolidated financial statements of 31 December 2015; they consist of a condensed statement of financial position, a condensed income statement, a condensed statement of comprehensive income, a condensed cash flow statement and a condensed statement of changes in equity.

Consolidated Income Statement

in TEUR	1–3/2016	1–3/2015
Revenue	598,258	528,800
Own work capitalised in non-current assets	131	101
Share of profit/loss of companies accounted for under the equity method	5,302	5,908
Other operating income	28,078	30,432
Cost of materials and other related production services	-378,498	-344,395
Staff expense	-175,427	-156,000
Other operating expenses	-64,934	-57,500
EBITDA	12,910	7,346
Depreciation, amortisation and impairment expense	-18,754	-17,420
EBIT	-5,844	-10,074
Income from financial investments and other current financial assets	2,688	6,277
Finance costs	-6,841	-8,237
EBT	-9,997	-12,034
Income tax expense	1,806	455
Total profit/loss for the period	-8,191	-11,579
of which attributable to non-controlling interests	-106	-178
of which attributable to holders of profit-participation rights	666	800
of which attributable to shareholders of the parent	-8,751	-12,201
Basic (diluted) earnings per share (in EUR)	-0.31	-0.43

Consolidated Statement of Comprehensive Income

in TEUR	1–3/2016	1–3/2015
Profit/loss for the period	-8,191	-11,579
Other comprehensive income:		
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)	-	-3,563
Exchange differences	-310	1,645
Gains/losses from fair value measurement of securities	28	-281
Gains/losses from cash flow hedges		
Net total for the business year	-684	-
transferred to profit or loss	-	-
Income tax expense/income on other comprehensive income	164	70
Other comprehensive income which can subsequently be reclassified to profit or loss (recyclable)	-802	1,434
Other comprehensive income	-802	-2,129
Total comprehensive income	-8,993	-13,708
of which: attributable to non-controlling interests	-94	-147
Share attributable to shareholders of the parent and holders of profit-participation rights	-8,899	-13,561
of which: attributable to holders of profit-participation rights	666	800
Share attributable to shareholders of the parent	-9,565	-14,361

Consolidated Statement of Financial Position

in TEUR	31.3.2016	31.12.2015
Assets		
Non-current assets		
Intangible assets	63,160	63,535
Property, plant and equipment	461,476	467,452
Investment property	34,411	33,574
Shareholdings in companies accounted for under the equity method	49,272	38,365
Loans	1,019	1,061
Other financial assets	89,492	89,617
Other non-current financial assets	13,531	13,308
Deferred tax assets	10,854	8,959
	723,215	715,871
Current assets		
Inventories	78,721	71,505
Trade receivables	749,591	751,855
Other financial assets	139,561	105,614
Other receivables and current assets	11,286	7,992
Cash and cash equivalents	404,480	647,243
Assets held for sale	3,917	3,917
	1,387,556	1,588,126
Total assets	**2,110,771**	**2,303,997**

Equity and liabilities		
Equity		
Share capital	29,095	29,095
Capital reserves	249,014	249,014
Hybrid capital	25,725	25,303
Other reserves	55,981	65,696
Equity attributable to shareholders of parent	359,815	369,108
Equity from profit-participation rights	43,826	43,160
Non-controlling interests	-244	-150
	403,397	412,118
Non-current liabilities		
Bonds and Schuldscheindarlehen	287,378	290,848
Provisions	124,766	124,685
Non-current financial liabilities	97,010	101,923
Other non-current financial liabilities	1,807	1,890
Deferred tax liabilities	27,561	32,309
	538,522	551,655
Current liabilities		
Bonds	48,228	45,852
Provisions	128,346	121,646
Current financial liabilities	35,551	49,047
Trade payables	577,531	631,713
Other current financial liabilities	34,659	34,970
Other current liabilities	325,081	441,017
Tax payables	19,456	15,979
	1,168,852	1,340,224
Total equity and liabilities	**2,110,771**	**2,303,997**

Consolidated Cash Flow Statement

in TEUR	1–3/2016	1–3/2015
Profit/loss for the period	-8,191	-11,579
Depreciation, impairment and reversals of impairment on fixed assets	18,707	17,430
Interest income/expense	4,589	2,991
Income from companies accounted for under the equity method	268	1,306
Dividends from companies accounted for under the equity method	483	-
Losses/gains from the disposal of fixed assets	211	-3,372
Decrease in long-term provisions	-593	-123
Deferred income tax	-6,452	-941
Operating cash flow	9,022	5,712
Increase/decrease in short-term provisions	6,677	-2,870
Increase/decrease in tax provisions	3,675	-80
Increase in inventories	-7,214	-4,858
Increase in receivables	-20,153	-9,380
Decrease in payables (excluding banks)	-185,165	-186,391
Interest received	1,561	3,241
Interest paid	-5,020	-4,465
Other non-cash transactions	52	-166
Cash flow from operating activities	-196,565	-199,257
Proceeds from the sale of intangible assets	7	11
Proceeds from sale of property, plant and equipment and investment property	3,607	5,315
Proceeds from sale of financial assets	167	1,043
Proceeds from redeeming loans	49	30
Proceeds from the disposal of assets held for sale	-	1,401
Investments in intangible assets	-945	-1,068
Investments in property, plant and equipment and investment property	-14,011	-7,194
Investments in financial assets	-171	-207
Investments in loans	-	-1
Payouts for financial investments	-11,846	-36,395
Payouts for the purchase of subsidiaries less cash and cash equivalents	-479	-
Cash flow from investing activities	-23,622	-37,065
Proceeds from bonds	-1,276	-
Payout from purchasing treasury shares	-	-12,030
Obtaining loans and other financing	5,129	-
Redeeming loans and other financing	-26,336	-24,828
Hybrid capital	-	5,208
Cash flow from financing activities	-22,483	-31,650
Cash flow from operating activities	-196,565	-199,257
Cash flow from investing activities	-23,622	-37,065
Cash flow from financing activities	-22,483	-31,650
Change to cash and cash equivalents	-242,670	-267,972
Cash and cash equivalents at 1 Jan	647,243	465,617
Currency differences	-93	2,116
Changes to cash and cash equivalents resulting from changes to the consolidated group	-	-
Cash and cash equivalents at 31 March	404,480	199,761
Tax paid	913	1,188

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 Jan 2015	29,095	249,014	14,425	-24,477	3,517
Total profit/loss for the period	-	-	-	-	-
Other comprehensive income	-	-	-	-3,563	1,303
Total comprehensive income for the period	-	-	-	-3,563	1,303
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 31 March 2015	29,095	249,014	14,425	-28,040	4,820
Balance at 1 Jan 2016	29,095	249,014	13,417	-25,540	3,190
Total profit/loss for the period	-	-	-	-	-
Other comprehensive income	-	-	-547	-	-322
Total comprehensive income for the period	-	-	-547	-	-322
Income tax on interest for holders of hybrid/mezzanine capital	-	-	-	-	-
Balance at 31 March 2016	29,095	249,014	12,870	-25,540	2,868

Total debt securi-ties available for sale – fair value reserve	Reserve for cash flow hedges	Hybrid capital	Retained earnings and non-retained profit	Equity attribu-table 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
-	-	299	-12,500	-12,201	800	-178	-11,579
-211	-	-	311	-2,160	-	31	-2,129
-211	-	299	-12,189	-14,361	800	-147	-13,708
-	-	5,208	-	5,208	-	-	5,208
-	-	-	275	275	-	-	275
-	-	-	-12,010	-12,010	-	-	-12,010
-	-	-	8	8	-	-8	-
113	-	22,657	27,176	319,260	44,960	716	364,936
-645	-806	25,303	76,080	369,108	43,160	-150	412,118
-	-	422	-9,173	-8,751	666	-106	-8,191
21	-513	-	547	-814	-	12	-802
21	-513	422	-8,626	-9,565	666	-94	-8,993
-	-	-	272	272	-	-	272
-624	-1,319	25,725	67,726	359,815	43,826	-244	403,397

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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.