

Quarterly Report 3/2008



The future is our tradition



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Dear shareholders and business partners,

The global financial crisis has led to a significant slowdown in international economic growth. The problematic consequences of the financial crisis on the construction industry have not yet fully taken hold, although they have been felt in some fringe areas.

Given this backdrop and the assumption that state support for the banking sector will soon take effect, it is crucial that the construction industry continues to be an important driver for Europe's real economy. It will depend on policy makers in particular whether the construction industry will still play a major role in driving the economy in the coming years.

The seasonal influence on projects typical of the construction sector and the continuing positive state of our order books mean that the medium-term prospects for the group suggest no cause for concern.

A revenue decrease could take place in the building construction segment from 2010, as predicted financing restrictions will cause the number of new orders for private building construction to fall. We do, however, believe that profitable projects will continue to find the required financing solutions.

Medium-term development in the infrastructure sector looks more stable as financing comes from public sector initiatives (EU/national). One important point to consider, however, is that these are mostly funded 100% in advance by the agent who is awarded the tender and it would therefore be sensible to ensure access to reasonable financing options and guarantees for the industry. Should the proposed measures for securing the stability of the financial markets be taken up on a large scale, this would significantly reduce the amount of public sector funding available for the construction investment which is such a key factor in driving economic growth.

Given this context, PORR AG will shift its focus to increase operative activities in the infrastructure market segment, as the realisation of these projects through EU and national programmes looks likely.

The good medium-term prospects for the PORR Group can be traced back to our qualitative growth strategy, where the primary objective is developing profitable market segments. For this reason we have long been looking to broaden our equity base in order to support our growth course well into the future. Therefore it was decided at the end of October in a supervisory board meeting to propose to you, the shareholders, the option of realising authorised capital against cash and/or contribution in kind. This resolution will be put for-

Distribution of foreign output by country in the third quarter 2008 in EUR million



Country symbols see disclaimer

ward in an extraordinary shareholder's meeting on November 27th 2008.

This measure should ensure that PORR has the best possible frame conditions in the current problematic market environment and that the company can continue on the road to success.

Production Output

As of the end of the third quarter of the current financial year, the PORR Group managed to build on last year's high output levels of EUR 1.92 bn by a further 22.9% to EUR 2.36 bn. This volume is based on 7.1% domestic growth and 54.0% foreign growth. Markets outside Austria therefore currently generate 42.2% of the PORR Group's total output.

In Austria, group output rose by EUR 90.1 m to EUR 1.36 bn, with residential and office construction and tunnel, road and pipe and cable construction generating the highest volumes. Motorway projects received in Hungary by PORR AG were a decisive factor in the 127.8% surge on last year's output to EUR 262.0 m as of 30th September 2008. Hungary is therefore the most important market outside of Austria in 2008. In Germany, building construction projects were predominantly responsible for the 54.4% increase against last year to EUR 199.6 m. In Poland (growth of 37.7% to EUR 180.4 m) and the Czech Republic (increase of 27.8% to EUR 184.4 m), the realisation of major commercial and

Distribution of foreign order backlog by country in the third quarter 2008 in EUR million



high-rise construction projects led to significant increases in output volume.

Broken down by sector, civil engineering accounted for around 45% of total group output with EUR 1.05 bn, with building construction making up around 39%, with volumes worth EUR 916.6 m. Compared to last year, the building construction segment increased by 18.3% and the civil engineering segment, in particular road construction, rose by 27.1%. While growth rates for the individual sectors in Austria averaged between 3% and 6%, civil engineering abroad was up around 80% overall on last year and the total building construction output abroad increased by around 45%.

Current Order Situation

Total increases of EUR 183.2 m, or 6.9%, to EUR 2.86 bn mean that the latest order backlog of the PORR Group is the highest in its history. Of the total, EUR 787.5 m is for the current year, while the order volumes of EUR 2.07 bn for 2009 and 2010 present a solid basis for further business activities in view of the financial developments in September.

Foreign business at 51.6% makes up more than half of the order backlog, although of the total order bookings in 2008, totalling EUR 2.77 bn (+7.4%), around 57% were acquired on the Austrian market. In Hungary the PORR Group won the contract for the largest single project at present (motorway project M6 D-S). This led to a 53.0% rise in the order backlog to EUR 329.9 m (EUR 215.6 m in September 2007). Signifi-

cant order increases against the same period in 2007 were also seen in Germany (+16.6%), Poland (+56.0%) and Romania (+7.4%). In Austria the order backlog continued to grow and was up 3.7% against last year to EUR 1.38 bn.

In terms of segments, total civil engineering led with EUR 1.28 bn (with a foreign share of 57.0%), managing to improve on last year's high levels once again. The most important foreign markets for civil engineering continue to be Germany, Romania, Switzerland, the Czech Republic and Hungary. Total building construction orders rose by nearly 7% to EUR 1.11 bn, of which 51.6% are domestic.

Staff

In the first nine months of this year the PORR Group employed, on average, 677 more staff than in the same period last year. This rise of almost 6% to a total 11,997 staff is predominantly foreign-driven.

As in the previous period, the number of staff employed outside Austria saw the highest rises, increasing by 22.2% to 1,713 employees. This reflects the structure of the PORR Group's foreign business which involves much higher levels of subcontracting construction services and where PORR employs increasing numbers of highly qualified management staff.

In the first three quarters, there was an average across the whole group of 7,597 skilled workers and 4,400 salaried employees.

Financial Performance

The first three quarters of this year were characterised by worldwide instability on the financial and real estate markets, continuing high demand in the third quarter for raw materials and the respective price hikes, as well as energy cost increases of up to 40%.

Given this complicated economic backdrop, the PORR Group's efforts were directed towards optimisation both in terms of costs and earnings. In order to minimise risk, prices for important commodities (energy, fuel, etc.) have been hedged for the medium term.

Outlook for 2009

The high order backlog means that the prospects for the PORR Group for the 4th Quarter 2008 and also for 2009 present no cause for concern. In all likelihood Austria will provide a boost to the real economy by means of an economic package. Furthermore, there is still a real need in eastern Europe to catch up in terms of infrastructure, despite the troubled international economic status quo.

At year end 2008 the PORR Group will have generated a predicted production output of around EUR 3.20 bn (EUR 2.74 bn in 2007). From today's standpoint, further, subdued growth

is expected for 2009, barring exceptional and unforeseeable circumstances.

Measures in the fields of cost management and reorganisation, coupled with the selective acquisition of high-margin projects, will ensure that the PORR Group has a sound basis for continuing its steady development.

November 2008, Vienna

The Executive Board

Major New Orders for the PORR Group in the 3rd Quarter 2008

Construction of the Leopoldstadt Geriatric Centre in Vienna (Austria) by Porr Projekt und Hochbau AG
New construction of the Waidhofen City-Tunnel in Waidhofen/Ybbs (Austria)* by Porr Technobau und Umwelt AG
Operating the concrete mixing plant Ground Unit in Linz (Austria)* by Porr Umwelttechnik GmbH
General renovation of the A1 Regau-Seewalchen (Austria)* by TEERAG-ASDAG AG
New construction of the sanatorium in Perchtoldsdorf (Austria) by Porr GmbH
Construction of the Brünnerstraße residential complex 252-254 in Vienna (Austria) by Porr Projekt und Hochbau AG
Construction of the Neubau bypass on the B1 in Hörsching (Austria)* by Porr GmbH
New construction of the Wilhelm-Kaserne residential complex BPL 2 in Vienna (Austria) by Porr Projekt und Hochbau AG
Earth and cable laying works Wienstrom SN 1 + SN 2 in Vienna (Austria) by Gesellschaft für Bauwesen GmbH
New construction of the Dolce Hotel in Unterschleißheim (Germany)* by Porr Deutschland GmbH
Construction of the Residenza Budva Montenegro Hotel Complex in Budva (Montenegro) by Porr Technobau und Umwelt AG
Extension of the Risian-Zabljak Road (Montenegro) by Porr Technobau und Umwelt AG
Construction of the Folwark Scheiblera residential complex in Lodz (Poland) by Porr (Polska) S.A.
Construction of the hotel building angelo Katowice in Katowice (Poland) by Porr (Polska) S.A.
Bridge construction over the Sava in Belgrade (Serbia) by Porr Technobau und Umwelt AG
Construction of the Gura Humorului ski lift in Gura Humorului (Romania) by Porr Technobau und Umwelt AG
Motorway construction M6 D-S Dunaujvaros-Szekszard (Hungary) by Porr Építési Kft.
Construction of the Gönyü power plant in Gönyü (Hungary) by Porr Építési Kft.

* as a joint venture project

Disclaimer

This quarterly report (interim notice in accordance with Stock Exchange Act § 87 para. 6) 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. Forecasts related to the future development of the group take the form of estimates based on information available at the time of 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 quarterly report is accurate and complete. We regret that we cannot rule out possible round-off, typesetting and printing errors.

Country symbols conform to the interinstitutional rules of publication within the European Community: CH Switzerland, CZ Czech Republic, DE Germany, HR Croatia, HU Hungary, ME Montenegro, PL Poland, RO Romania, RS Serbia, SK Slovakia.

Key Data, 3rd Quarter 2008

PORR Group

	1st – 3rd Quarter 2008	Change	1st – 3rd Quarter 2007	1st – 3rd Quarter 2006
in EUR million				
Group output	2,355.5	+ 22.9%	1,916.9	1,611.6
of which domestic	1,361.1	+ 7.1%	1,271.0	1,137.2
of which foreign	994.4	+ 54.0%	645.9	474.4
Foreign share of total output in %	42.2	+ 8.5 PP	33.7	29.4
Total order receipts	2,765.6	+ 7.4%	2,575.4	2,167.0
of which domestic	1,571.0	+ 16.6%	1,347.8	1,629.6
of which foreign	1,194.6	- 2.7%	1,227.6	537.4
Total order backlog	2,855.1	+ 6.9%	2,671.9	2,020.1
of which foreign in %	51.6	+ 1.5 PP	50.1	29.9
for the remainder of the current year	787.5	+ 7.4%	733.5	585.1
for the following years	2,067.6	+ 6.7%	1,938.4	1,435.0
Domestic order backlog	1,382.0	+ 3.7%	1,333.3	1,415.8
for the remainder of the current year	437.4	+ 7.0%	408.8	409.0
for the following years	944.6	+ 2.2%	924.5	1,006.8
Foreign order backlog	1,473.1	+ 10.0%	1,338.6	604.3
for the remainder of the current year	350.2	+ 7.9%	324.7	176.1
for the following years	1,122.9	+ 10.8%	1,013.9	428.2
Average staffing levels	11,997	+ 6.0%	11,320	10,368
of which skilled workers	7,597	+ 3.7%	7,329	6,822
of which salaried employees	4,400	+ 10.2%	3,991	3,546
Staffing level at the end of the quarter	12,705	+ 2.7%	12,374	11,409
of which skilled workers	8,184	+ 0.2%	8,167	7,761
of which salaried employees	4,521	+ 7.5%	4,207	3,648

Title page

Black and white photography: Johannesgasse 1, Vienna, 1962

Colour photography: Arnoldstein thermal treatment plant, Carinthia, 2002

Staff member in the foreground: Özgün Hasan

Selected PORR Group construction projects in the third quarter of 2008

	Sector	Location	Country
Porr Projekt und Hochbau AG (PPH) Building Construction			
Construction of Laaerberg university campus*	Office and Commercial Building	Vienna	Austria
Construction of Leopoldstadt Geriatric Centre	Residential Construction	Vienna	Austria
Karree St. Marx Residential Complex BP C	Residential Construction	Vienna	Austria
Jochberg hotel complex	Office and Commercial Building	Jochberg	Austria
Fire station 1 and checkpoints east, west, GAC	Misc. Building Construction	Vienna Airport	Austria
Extended shell works for IKEA	Misc. Building Construction	Cologne	Germany
New construction British Embassy	Office and Commercial Building	Warsaw	Poland
Construction of Poleczki Business Park	Office and Commercial Building	Warsaw	Poland
Construction of angelo Katowice Hotel	Office and Commercial Building	Katowice	Poland
Construction of andel's Lodz Hotel	Office and Commercial Building	Lodz	Poland
Eurovea International Trade Center*	Office and Commercial Building	Bratislava	Slovakia
Construction of Centrum Trnava office building	Office and Commercial Building	Brno	Czech Rep.
Porr Technobau und Umwelt AG (PTU) Civil Engineering			
Wienerwald Tunnel *	Tunnel Construction	Chorherrn	Austria
Upgrading the Arlberg rail tunnel*	Tunnel Construction	Langen am Arlberg	Austria
H3/4 Münster-Wiesing	Misc. Civil Engineering	Münster	Austria
Tauern tunnel 2nd tunnel	Tunnel Construction	Flachau	Austria
Construction of Kirchdorf and Kaltenbach tunnels, S 35 Lot 22*	Tunnel Construction	Pernegg	Austria
Limberg pumped storage power plant II*	Tunnel Construction	Kaprun	Austria
Construction Lainzer Tunnel LT 33 Hofjagdstraße*	Tunnel Construction	Vienna	Austria
Upgrading Schönkirchen land-fill site	Misc. Civil Engineering	Schönkirchen	Austria
Construction of the Finne tunnel for Deutsche Bahn*	Tunnel Construction	Herregosserstedt	Germany
Construction of the Kiel joint venture power plant	Misc. Civil Engineering	Kiel	Germany
Biel bypass east section*	Tunnel Construction	Biel	Switzerland
New construction Gstuehl Center Baden	Misc. Civil Engineering	Baden	Switzerland
Motorway construction M6 D-S	Road Construction	Dunaújváros	Hungary
TEERAG-ASDAG AG (T-A)			
A2 Gleisdorf West-Lassnitzhöhe	Road Construction	Lassnitzhöhe	Austria
Cable laying Wienstrom SN 1 + SN 2	Misc. Civil Engineering	Vienna	Austria
General renovation A1 Regau-Seewalchen*	Road Construction	Seewalchen	Austria
Extension Road Nr. 7 Plonsk bypass	Road Construction	Plonsk	Poland
M0 east motorway km 48.9-59.8	Road Construction	Budapest	Hungary

* as a joint venture project

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