WELCOME...

Interim Report on the 3rd Quarter 2023

PORR

KEY DATA

Operating data

in EUR m	1–9/2023	1–9/2022	Change
Production output[1]	4,801	4,525	6.1%
Foreign share	54.6%	54.0%	0.6 PP
Order backlog	8,701	7,863	10.6%
Order intake	5,298	4,617	14.7%
Staffing level (average)	20,512	20,140	1.8%

Earnings indicators

in EUR m	1–9/2023	1–9/2022	Change
Revenue	4,460.1	4,150.4	7.5%
EBITDA	229.5	212.2	8.1%
EBIT	78.0	71.0	10.0%
EBT	68.0	57.5	18.2%
Profit for the period	49.7	43.4	14.5%

Financial position indicators

in EUR m	30.09.2023	31.12.2022	Change	30.09.2022
Total assets	4,183	4,147	0.9%	4,159
Equity (incl. non-controlling interests)	810	799	1.4%	769
Equity ratio	19.4%	19.3%	0.1 PP	18.5%
Net debt	237	-59	< -100.0%	190

Cash flow and investments

in EUR m	1–9/2023	1–9/2022	Change
Cash flow from operating activities	-51.1	-65.9	-22.5%
Cash flow from investing activities	-146.9	-59.1	> 100.0%
Cash flow from financing activities	-104.2	-175.9	-40.8%
CAPEX[2]	222.8	175.9	26.6%
Depreciation/amortisation/impairment	151.4	141.3	7.2%

Key data regarding shares

in EUR m	30.09.2023	31.12.2022	Change	30.09.2022
Number of shares	39,278,250	39,278,250	-	39,278,250
Market capitalisation	461.1	461.9	-0.2%	353.5

[1] The production output corresponds to the output of all companies and consortiums (fully consolidated, equity method, proportional or those of minor significance) in line with the interest held by PORR AG.
[2] Investments in property, plant and equipment and intangible assets

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

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Dear shareholders and stakeholders,

PORR remains on track for success. With its strong market position, it once again recorded a clearly positive development in both orders and earnings. The order intake increased by 14.7% in the reporting period, the order backlog rose by 10.6% and now stands at EUR 8.7 bn. The 6.1% increase in output to EUR 4.8 bn has resulted in a 7.5% rise in revenue year on year. In terms of costs, there is also good news to report: PORR was able to reduce its expenditure on materials by EUR 8.5m, while also increasing efficiency in terms of staff costs. This is reflected in the 18.2% increase in EBT, which totalled EUR 68.0m.

Demand for sustainable construction is stronger than ever before. With its high level of infrastructure expertise, PORR offers a broad range of services there. The continuing high demand for European infrastructure – not least due to the energy transition – will also ensure a stable order situation in the coming years. We already have an order backlog stretching into 2025. For 2023 we expect output in the range of EUR 6.5 bn to EUR 6.7 bn and EBT of EUR 125m to EUR 130m.

As you can see, the future looks bright! We would like to thank you for the trust you have placed in us and look forward to many more successes together.

November 2023, Vienna

Sincerely, Your Executive Board

Karl-Heinz Strauss
Chairman of the Executive Board and CEO

Klemens Eiter
Executive Board member and CFO

Josef Pein
Executive Board member and COO

Jürgen Raschendorfer
Executive Board member and COO

HIGHLIGHTS

Design & Build

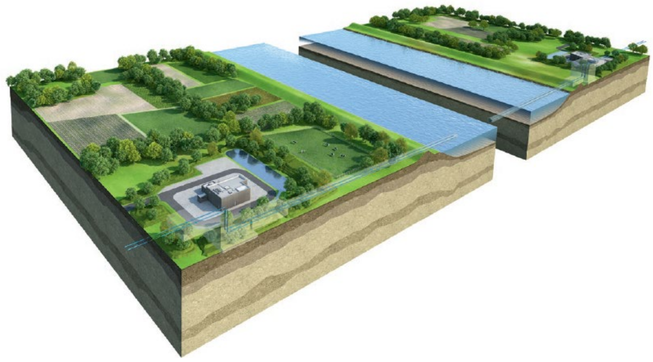
Together with a partner, PORR is modernising and expanding the prestigious Pomeranian Medical University in Szczecin, Poland. A new building for clinics, teaching and research with a net floor area of around 50,000 m² will be built in approximately 33 months. The project is being realised using the design & build method, with PORR supplying everything as a one-stop shop.

Learn more now!

Wind & Water

The SuedLink wind power line is making the energy transition a reality. The high-voltage direct current line will bring green wind energy from the north to the south of Germany. For this, it has to cross the Elbe. PORR has been commissioned to build the 5.2-kilometre ElbX tunnel 20 metres below the river.

Learn more now!



Recycle & Reuse

Austria's first gypsum-to-gypsum recycling plant is being built in Stockerau to realise the vision of zero waste for plasterboard. Operations will begin in 2025 as part of a cross-industry initiative. The sustainable conservation of natural raw materials and landfill volumes serves as a role model for circularity in the construction industry.

Learn more now!

Effective & Sustainable

Pumped storage power plants are a particularly effective solution for generating alternative energy. They utilise surplus electricity to pump water to reservoirs higher up. If there is increased energy demand, water is released from there into lower storage basins, thereby generating green electricity. This makes them an important building block for a sustainable future, but one that requires a high level of expertise in civil engineering. In addition to specialised civil engineering works, the construction of a pumped-storage power plant also involves the excavation of caverns, water reservoirs and tunnels. PORR has been commissioned for two of these major projects: The construction of the Ebensee pumped storage power plant and the conversion of the Rudolf Fettweis plant in Forbach. Both projects will be completed in around four years. The two contracts have a total project volume of around EUR 270m.

Learn more now!

PORR ON THE STOCK EXCHANGE

International markets remain tense

In the first three quarters of 2023, the global stock markets were in a persistent state of tension. The market environment was characterised by contradictory signals. On the one hand, falling inflation rates raised hopes of a possible end to interest rate hikes and an economic recovery. On the other hand, uncertainties in the US and Swiss banking sectors dampened high expectations, especially in the first quarter. This was followed by an extended lateral movement in share prices. This continued to be influenced by mixed messages about declining inflation rates and interest-rate increases by central banks.

The US Federal Reserve raised its key interest rate a total of four times in the reporting period to the current level of 5.5%. The leading US index, the Dow Jones Industrial Average, ended the first three quarters almost unchanged from the previous year's closing price, with a slight increase of 1.1%. In the same period, the European Central Bank raised interest rates a total of six times. Its key interest rate currently stands at 4.5%. The leading European index EURO STOXX 50 was able to hold its course in the reporting period with a significant increase of 10.0%. The German DAX 40 has also recorded an increase of 10.5% in the year to date. The uncertainties in the banking sector had a particular impact on the Austrian leading index ATX, which was only 1.3% above the closing value of the previous year on 30 September.

PORR share holds its own

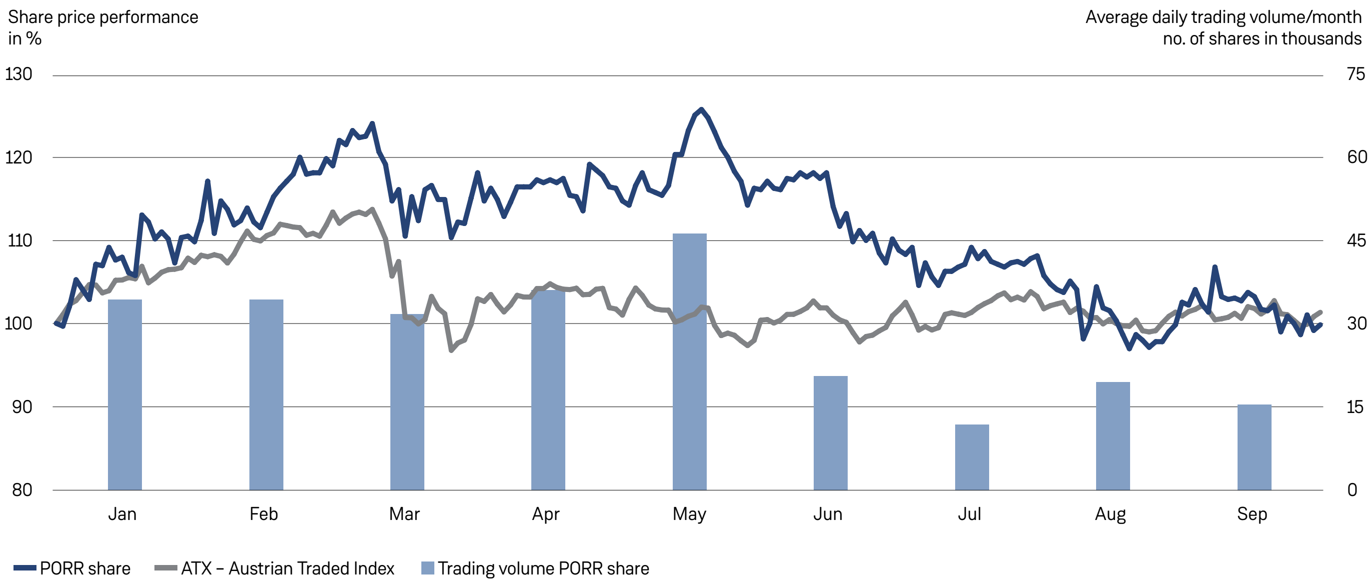
The PORR share did well in the first half of the year in particular, outperforming the market significantly in some cases. On 22 May it reached its high for the year to date of EUR 14.80. Nevertheless, the tighter interest rate environment is having a particularly negative impact on construction and real estate stocks. In summer the PORR share was no longer able to escape the overall market developments and recorded a downward trend. On 21 August it reached its lowest point in the reporting period at EUR 11.40.

The share price stabilised at the end of the third quarter thanks to the positive impetus provided by the publication of the half-year figures. As of 30 September, the closing price of the PORR share was EUR 11.74, only 0.2% below the end of the previous year. Market capitalisation stood at EUR 461.1m.

International investor base

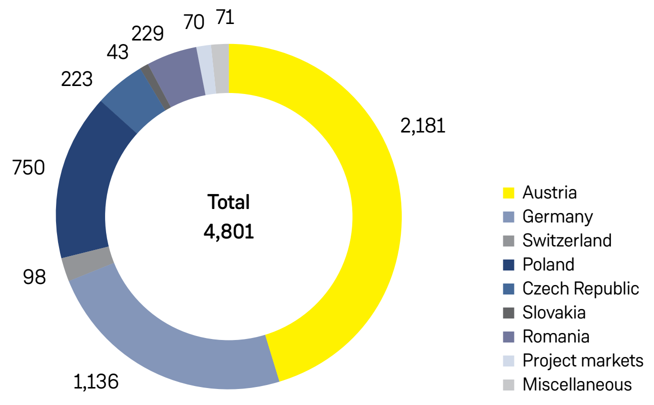
The syndicate (Strauss Group, IGO Industries Group) holds the majority of the shares outstanding, with 50.4%. According to a recent analysis, the free float of 49.6% was primarily distributed among Austria (24.2%) and the USA (11.8%). Investors from Great Britain and Germany held 6.1% and 6.0% respectively of the free float shares, while around 6.9% of the shares were held in other countries in Europe.

Share price and trading volumes of the PORR share in the first three quarters of 2023 (index)



GROUP MANAGEMENT REPORT

Production output by market
(in EUR m)

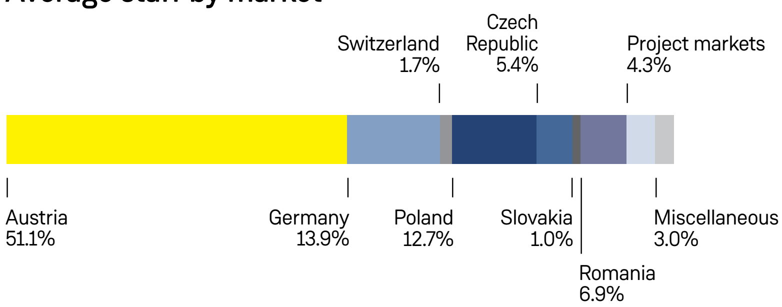


222.8
CAPEX in EUR m

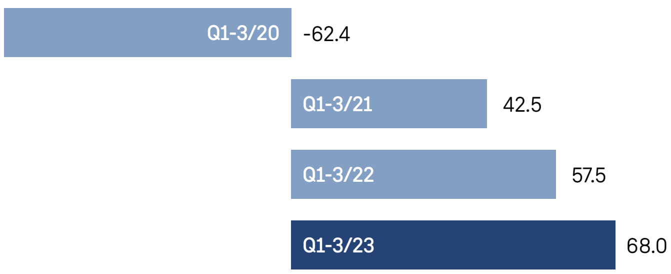
+14.7%
Order intake

19.4%
Equity ratio

Average staff by market



EBT
(in EUR m)



353.6
Cash & cash equivalents in EUR m

+6.1%
Production output

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

MARKETS AND PERFORMANCE

Economic environment

In the third quarter of 2023, the global economy entered a recovery phase that was slow and varied in strength. Developing and emerging countries in particular – with the exception of China – proved robust and recorded solid growth rates. By contrast, growth in the service sector, which had recently benefited from pandemic-related catch-up effects, cooled off. At the same time, the monetary policy of the central banks is also having an impact. This has already led to a reduction in overall inflation, while the core rate – the rate of inflation adjusted for volatile food and energy prices – has only decreased slowly. A normalisation is not expected until next year at the earliest since the price shocks from previous years have not yet been fully absorbed in the form of wage and salary increases. However, a negative wage-price spiral is not currently in sight due to the robust global labour market. The International Monetary Fund (IMF) is forecasting global economic growth of 3.0% for 2023.

In the US, the Federal Reserve last raised the key interest rate to 5.5% in July. This should mark the end of the cycle of interest rate hikes. The US economy has also surprised in a positive way: While most developed countries have only seen a slow recovery, the US has continued to record stable investment levels and resilient consumption. In light of this, the IMF has raised its growth expectations for 2023 to 2.1%.

Economic performance in the eurozone is very mixed. Overall, expectations have dampened. In its latest forecast, the European Commission predicted economic growth of 0.6%. High prices in particular are having a negative impact on consumption. The tight monetary policy – the European Central Bank last raised the key interest rate to 4.5% in September – is also dampening economic activity. In addition, export demand is providing hardly any positive impetus at present. In contrast, energy prices are falling and the labour market remains robust, but this is not enough to offset the ongoing weakness in industry and the end to the strong growth in services. A sustained economic recovery is not expected until 2024.

Global developments are likely to mean a “soft landing” for the Austrian economy. Both the Institute for Advanced Studies and the Austrian Institute of Economic Research (WIFO) are forecasting a slight decline in economic output of -0.4% and -0.8% respectively for 2023. In addition to lower demand for exports, this is also due to high prices and a restrictive monetary policy. The cyclical adjustment of wages and salaries is now taking place step by step, so that higher real incomes can be expected from next year at the latest. At the same time, the expected upswing in the industrial economy will also provide positive impetus in 2024.

The export-oriented German economy is particularly dependent on the global economy. Recently, high price increases and declining public investment have had a dampening effect on overall economic development. The current rise in real wages is counteracting this. The European Commission experts therefore anticipate positive impetus from consumer spending at the end of the year. For the full year 2023, however, they expect economic output to fall by 0.3% compared to the previous year.

PORR’s Eastern European home markets have been unable to escape the weak economy in the eurozone as a whole. Nevertheless, stable economic activity is expected in Poland and the Czech Republic in 2023. The experts at the Vienna Institute for International Economic Studies are forecasting slight growth for Slovakia. The Southeast Europe region, including Romania, remains a growth driver and expectations continue to be positive here.

Developments in the construction industry

The European construction industry has generated largely constant production volume in the year to date. However, the individual sectors showed different trends. The volume of building construction fell slightly. This is due in particular to the weak residential construction sector caused by the general economy. The high level of interest rates is one factor leading to delays in the awarding of contracts.

Civil engineering developed in the opposite direction. Infrastructure construction recorded an increase, partly due to payouts under the European Recovery and Resilience Facility. In some Eastern European countries, the volume of civil engineering even recorded significant double-digit growth, included here are Poland, Slovakia and Romania. In Austria and Germany, infrastructure construction also saw growth that was clearly positive.

A dampening factor for construction production continues to be human resources. The European construction industry is also relying on the international labour market to meet the high demand. On the cost side, the sharp price increases of recent years have weakened and, for the bigger part, even reversed. The prices of internationally traded building materials such as copper and steel, for example, have already clearly fallen in the year to date.

Development of output

The indicator production output covers all classic design, planning and construction services, services from landfill operations and raw materials sales, i.e. all significant services rendered by PORR. For companies fully included in the consolidated group, this output broadly corresponds to the revenue defined and reported in accordance with IFRS. In contrast to revenue, production output also includes the output from consortiums and companies accounted for under the equity method, as well as those of minor significance, in line with the interest held by the Group. Differences in definitions are also reconciled pursuant to commercial criteria.

In the first three quarters of 2023, PORR generated production output of EUR 4,801m, an increase of 6.1% against the same period of the previous year. The majority of segments contributed to this increase in output. The building construction sector in Poland achieved a particularly pleasing performance. The areas of railway construction and civil engineering Austria, infrastructure Poland, and civil engineering Romania were also able to increase their output levels significantly.

PORR's seven home markets accounted for 97.1% of total output. Austria remains the largest market with a share of 45.4%. Germany contributed 23.7%. 15.6% of output came from Poland, while a total of 5.6% was generated in the Czech Republic and Slovakia. Romania accounted for 4.8% and Switzerland for 2.0%.

Order balance

As of 30 September 2023, the order backlog stood at EUR 8,701m and was thereby up 10.6% on the previous year. The order intake increased by 14.7% to EUR 5,298m in the reporting period. The increases in both are primarily attributable to the tunnelling segment, where several major projects were newly acquired. In addition to tunnelling, the most important components of the current order books are road and railway construction. Overall, civil engineering and infrastructure construction activities account for 58.6% of the order backlog, while 28.7% involves miscellaneous building construction activities (such as industrial, office and public building construction). The share of residential construction fell to 7.9% and thereby plays a subordinate role.

The largest new orders in the reporting period came from tunnelling. In addition to the H53 construction lot of the Brenner Base Tunnel, this also includes the ElbX Tunnel for the green SuedLink wind power line in Germany. The commissions for the construction of the Ebensee pumped storage power plant in Austria and the conversion of the Forbach pumped storage power plant in Germany underline PORR's role as a preferred partner when clients need high levels of expertise in civil engineering.

In building construction, PORR won two orders in the Polish healthcare sector. In addition to the construction of a new oncological hospital in Wrocław, these include the extension of the Pomeranian Medical University in Szczecin. In miscellaneous building construction, PORR was awarded the contract to extend Terminal 3 at Vienna Schwechat Airport and to build the DC Tower 2 residential and office building in Vienna. In industrial construction, the expansion of clean room capacities for AIXTRON in Germany and ams OSRAM in Austria were successfully acquired.

Financial Performance

In the first three quarters of 2023, PORR generated revenue of EUR 4,460.1m. The increase of 7.5% is primarily due to the growth in production output.

Income from companies accounted for using the equity method showed a pleasing increase of 19.7% to EUR 54.4m. This was mainly due to higher profit transfers from consortiums.

The cost of materials and other related production services rose by a disproportionately low 6.5%, totalling EUR 3,045.9m and reducing their share of revenue by 0.6 PP. As the cost of materials fell by EUR 8.5m – despite an increase in output – the share of revenue it accounts for decreased by 1.8 PP. In contrast, other related production services as a percentage of revenue increased by a much smaller 1.2 PP.

Staff expenses again rose at a slower rate of 5.4% in the reporting period. They therefore decreased by 0.5 PP as a percentage of revenue. Own construction costs (total of material and staff expenses) rose by 2.3%. As a result, the share of revenue they make up fell by 2.3 PP and totalled 45.6%.

Other operating income fell by 16.7%, which is mainly due to a one-off effect in the previous year. Other operating expenses increased by 15.8% due to an increase in variable operating costs.

The increase in output, the higher income from companies accounted for using the equity method and the reduction in the cost of materials led to an increase in EBITDA of EUR 17.2m to EUR 229.5m. Depreciation, amortisation and impairment expense increased at a slower rate than revenue, rising by 7.2% to EUR 151.4m. This put EBIT at EUR 78.0m, 10.0% higher than in the same period of the previous year.

The financial result (total income from non-current and current financial assets and financing expenses) improved by EUR 3.4m due to the lower gross debt. This results in a EUR 10.5m increase in EBT, which totalled EUR 68.0m (+18.2%). The EBT margin in relation to production output was 1.4% , an increase of 0.1 PP.

Income tax expense amounted to EUR -18.4m. Overall, this means a 14.5% increase in profit for the period for the first three quarters of 2023 to EUR 49.7m. Earnings per share improved by 45.8% to EUR 1.05.

Financial Position

PORR's total assets stood at EUR 4,183.3m as of 30 September 2023, almost unchanged against the end of the previous year with a slight increase of 0.9%.

The 4.9% increase in non-current assets is primarily due to the higher level of property, plant and equipment as a result of increased investment activity. In contrast, current assets slipped back slightly by 1.3%. In addition to the seasonal decline in cash and cash equivalents, there was a contrasting increase in trade receivables.

Equity showed an extremely pleasing development with an increase of EUR 10.9m compared to the end of the previous year to EUR 809.9m (+1.4%). The equity ratio rose to 19.4% despite the seasonal nature of the construction business. PORR is currently evaluating the equity structure and examining possible optimisations for the 2024 business year, particularly in the area of hybrid capital.

Debt capital increased slightly by 0.8% to EUR 3,373.4m. The increase in trade payables was offset by the utilisation of project-related advance payments. The increase in warranty provisions also contributed to the rise in the overall item.

Net debt rose to EUR 236.6m as of 30 September 2023 due to seasonal factors (31 December 2022: EUR -59.0m). Compared to the previous year's reporting date, there was an increase of EUR 46.6m, which is attributable to the index adjustments to office rental agreements under lease liabilities in the amount of EUR 20.8m on the one hand and to the reduction in cash and cash equivalents on the other.

Cash flows

The operating cash flow increased significantly by 35.5% to EUR 217.5m due to the improved operating result. Cash flow from operating activities climbed by EUR 14.9m to EUR -51.1m despite an increase in working capital.

Cash flow from investing activities decreased by EUR 87.8m and totalled EUR -146.9m. This was due to higher investments in property, plant and equipment as well as the absence of one-off effects from the disposal of financial assets and from the sale of a consolidated company in the previous year.

Cash flow from financing activities increased by EUR 71.7m and totalled EUR -104.2m. This reflects, among other things, the repayment of lease liabilities and loan financing totalling EUR 60.3m. The difference compared to the previous year is due to the absence of the hybrid capital repayment.

Cash and cash equivalents amounted to EUR 353.6m as of 30 September 2023 (31 December 2022: EUR 655.8m). The change compared to the end of the year (EUR 302.2m) is therefore almost the same as in the previous year. The liquidity reserve totalled around EUR 737m.

Investments

Investment activity is measured by applying the CAPEX indicator (capital expenditure). This includes investments in intangible assets, property, plant and equipment, and assets under construction including finance leases.

In the first three quarters of 2023, investments mainly involved those to replace or buy new construction equipment, as well as some aperiodic major investments. There were also delays in the delivery of vehicles (one-off catch-up effect), which is why CAPEX increased by 26.6% compared to the same period of the previous year to EUR 222.8m. This results in a CAPEX ratio of 4.6% in relation to production output (1-9/2022: 3.9%).

Opportunity and risk management

Active risk management is an integral part of responsible corporate management at PORR and secures the company's competitiveness long term. Should risks have an impact on one of PORR's business fields or markets, this could have a negative effect on the company's earnings. That's why the aim of risk management is to identify risks and minimise them while still maintaining the company's earnings potential. The required organisational processes and controls, which help to pinpoint risks early on, as well as measures to counteract them, should be continuously developed and improved along with measures to counter those risks.

Since the 2022 Annual and Sustainability Report, there have been no significant changes to the opportunity/risk profile from which new or changed risks for PORR can be derived. So, the description in the Risk Report of the 2022 Annual and Sustainability Report from page 125 onwards remains valid.

Staff

In the period under review, PORR employed 20,512 people on average. This corresponds to a slight increase of 1.8% compared to the same period last year. In comparison with the growth in output and revenue, the increase here was much slower. This meant that the average output per employee rose, marking an improvement in overall efficiency.

FORECAST REPORT

At the end of 2023, the global economy is showing a recovery that varies in strength from region to region. The increases in key interest rates made by the central banks are successfully dampening the high inflation rates, although a sustained decline in core inflation is not expected until 2024. The IMF recently repeated its growth forecast of 3.0% for 2023, while the experts predict that global economic output will grow at nearly the same pace by 2.9% in 2024.

Economic output in the eurozone is likely to increase by 0.6% in 2023. Falling inflation rates, a robust labour market and rising real incomes are the main factors influencing growth next year. The end of the reduction in security stocks should also provide positive impetus in industry. The European Commission anticipates an accelerating economic recovery in 2024 and expects GDP to increase by 1.2%.

Both the Austrian and German economies will experience a "soft landing" in 2023 in the form of a slight decline in economic output. A clear recovery is already expected for 2024. The OeNB experts are forecasting growth of 1.7%. In Germany, the European Commission also expects growth of 0.8%. Growth in Eastern European countries remained positive in 2023. A sustained recovery is likely to occur here from 2024, partly due to high distributions under the European Recovery and Resilience Facility. Average growth of 2.5% is forecast for EU members in CEE.

A high proportion of the financial resources from the EU Recovery and Resilience Facility and the multi-year EU budget is being channelled into the European construction industry, particularly civil engineering. This sector therefore proved to be extremely resilient in the reporting period and even achieved double-digit growth rates in some cases. This is also reflected in short-term expectations. Ongoing public investment and long-term project periods mean that continuous growth is forecast here. This contrasts with a downward trend in building construction, primarily attributable to residential construction. This is most strongly influenced by the current economic environment; the decline in demand is a result of the current strict financing environment. Miscellaneous building construction is seeing consistent growth. While it was still partly affected by the difficult economic situation in 2023 and hardly showed any growth, more positive impetus is expected again from next year.

The megatrends in the construction industry remain unchanged. Decarbonisation and digitalisation are shaping the competitive environment and setting new standards in construction. Sustainable mobility and the energy transition are the basic building blocks for long-term social prosperity. This not only shapes demand in railway and pipeline construction. The construction of production facilities for electric vehicles and their drive components such as batteries is also ensuring stable demand in industrial construction. In addition, both pipeline and tunnelling construction are benefiting from the growing demand for renewable energy and digital networking. Demographic change and urbanisation are driving demand for housing, hospitals and care facilities.

PORR's order backlog currently stands at EUR 8.7 bn and therefore remains at a record level. This provides visibility for over a year. Based on this and PORR's current output performance, the Executive Board expects output in a range of EUR 6.5 bn to EUR 6.7 bn and earnings before taxes of between EUR 125m and EUR 130m for the 2023 business year.

The assessment of how the business will perform is based on the current goals in the individual segments as well as the opportunities and risks arising in the respective markets. Should the geopolitical situation worsen again, for example with regard to energy supply, this could have a negative impact on PORR and its business activities. Any assessment of economic development is therefore subject to forecasting risks.

SEGMENT REPORT

Segment AT / CH

Key Data

in EUR m	1-9/2023	1-9/2022	Change
Production output	2,482	2,467	0.6%
Order backlog	3,308	3,129	5.7%
Order intake	2,476	2,442	1.4%
Average staffing levels	10,554	10,493	0.6%

The segment AT / CH includes country responsibility for the two home markets of Austria and Eastern Switzerland. PORR is represented here with its full range of services. In addition to the permanent business – with the focal points of residential construction, office construction, industrial construction and road construction – the national competencies in railway and structural engineering, specialist civil engineering, steel construction and environmental engineering are bundled in this segment. The areas of large-scale building construction projects, German industrial construction and Slab Track Austria for Europe are also housed here. In addition, the equity interests pde Integrale Planung, IAT, ÖBA, Prajo, TKDZ and ALU-SOMMER are integrated in the segment AT / CH.

Production output in the segment AT / CH totalled EUR 2,482m in the reporting period, slightly above the previous year's level. While output in Austria rose by 5.8% to EUR 2,430m, it shrank by EUR 60m in Switzerland due to the difficult market environment in building construction. The segment increase in output is primarily attributable to the railway and structural engineering business. At the end of the reporting period, the order backlog for the segment AT / CH totalled EUR 3,308m, an increase of 5.7% compared to the previous year. The order intake rose slightly by 1.4% to EUR 2,476m. In Austria, the order backlog increased by 13.4% and the order intake grew by 5.6%.

New orders include significant projects from miscellaneous building construction. In addition to the expansion of Terminal 3 at Vienna Schwechat Airport, this also includes building the DC Tower 2 with residential and office space in Vienna. In industrial construction PORR won two orders to expand clean room capacities; PORR was commissioned by AIXTRON in Herzogenrath, Germany and by ams OSRAM in Premstätten, Austria. With the construction of the Ebensee pumped storage power plant in Austria, PORR is taking an important step towards the energy transition. Several significant projects were also won in infrastructure construction – including the repair of the Arlberg Tunnel. In residential construction PORR was awarded two extensive residential construction contracts as part of the Village im Dritten urban development in Vienna.

Both the order intake and production volumes in the Austrian construction industry remained at a similar level overall. While civil engineering recorded growth in volume, the volume of building construction stagnated. The picture was similar in Switzerland. Construction costs remained stable or declined in some cases during the reporting period. This signals a clear end to the strong upward price trend.

In terms of demand, residential construction is subdued. The tight financing environment – in the form of higher interest rates, for example – is leading to lower awarding activity. WIFO expects this situation to continue until 2024, despite high demand. In contrast, an increase is in sight from 2025. This is offset by stable demand in miscellaneous building construction and renovation. The thermal renovation and modernisation of existing buildings in particular are providing significant impetus for growth. In civil engineering, extensive investment programmes by national road and rail operators are ensuring that the order pipeline remains full.

Segment DE

Key Data

in EUR m	1-9/2023	1-9/2022	Change
Production output	732	623	17.4%
Order backlog	1,319	1,210	9.1%
Order intake	616	605	1.7%
Average staffing levels	2,272	2,180	4.2%

The majority of PORR's activities in Germany are bundled in the segment DE. Here the company offers building construction, specialist civil engineering and infrastructure services with a high level of vertical integration using its own qualified personnel. PORR therefore has a strong position on the German infrastructure market with its discrete areas of structural engineering, tunnelling and traffic route construction. The segment DE is home to the German equity interests, including PORR Oevermann and Stump-Franki Spezialtiefbau. This allows PORR to cover the entire value chain in civil engineering.

The segment DE generated production output of EUR 732m, an increase of 17.4%. The PORR Oevermann department achieved particularly strong growth in the transport infrastructure construction area. The order backlog rose by 9.1% to EUR 1,319m, while the order intake also grew once again by 1.7% to EUR 616m.

The largest new order in the segment DE is the construction of the ElbX tunnel. This involves running a power line in a tunnel under the River Elbe. In addition, significant orders were acquired in residential construction. The Haveluferquartier and Quartier 135 residential complexes in Berlin and Cospuden in Markkleeberg will lead to a total of around 450 residential units being built, including some that are social housing.

The German government is likely to miss its target of building 400,000 new homes per year again in 2023. The weak performance of residential construction – not least due to high interest rates – is slowing down the entire construction sector. Even the solid growth in civil engineering is incapable of offsetting this. In terms of costs, the decline in producer prices for less energy-intensive materials has continued; other materials prices have largely stabilised.

Due to the performance of residential construction, the Hauptverband der deutschen Bauindustrie expects a decline in overall revenue in real terms for 2023. At the same time, however, demand for commercial and warehouse buildings will continue to rise, while demand for factory and workshop buildings will remain stable. Increased investment in construction is also expected as part of the energy transition. Investment volumes in rail, road and water transport will amount to at least EUR 17.8 bn in 2023. There is a massive backlog of investment by local authorities, particularly in maintaining the federal highway road network. By 2030, the federal government will provide Deutsche Bahn with almost EUR 40 bn for the refurbishment of 40 busy routes. In total, around 16,000 tunnels and 4,000 bridges need to be modernised in Germany.

Segment PL

Key Data

in EUR m	1-9/2023	1-9/2022	Change
Production output	744	534	39.3%
Order backlog	1,284	1,514	-15.2%
Order intake	563	580	-2.8%
Average staffing levels	2,583	2,522	2.4%

The segment PL holds the country responsibility for Poland, PORR's third largest home market. All Polish equity interests held by PORR are included in this segment. In civil engineering PORR is one of the leading providers in the fields of road, infrastructure and railway construction, as well as specialist civil engineering. In building construction, the focus is on office, industrial and hotel construction as well as on buildings and facilities for the public sector.

In the reporting period, the segment PL generated production output of EUR 744m. The 39.3% increase is primarily attributable to the areas of building construction and infrastructure. All other areas of the segment also contributed to this increase. The order backlog totalled EUR 1,284m and was therefore 15.2% below the previous year's figure – a result of working off major orders and reduced awarding of contracts to private companies in railway construction. The order intake fell slightly by 2.8% to EUR 563m.

The largest new orders in the segment PL include two projects in the healthcare sector. A new oncological hospital is being built in Wrocław on the one hand, while on the other PORR is playing a key role in the expansion of the Pomeranian Medical University in Szczecin. Other major orders include The Form office building in Warsaw and the modernisation of Swidwin Airport. PORR was also successful in road construction with the acquisition of several large projects.

The Polish construction industry has proven exceptionally robust in the year to date, achieving average growth of 3.4% by September. While growth in building construction was subdued, civil engineering proved to be the growth driver with an increase of almost 12%. In Poland, too, producer prices have recently risen much less sharply. In line with this, the Polish National Bank began to cut interest rates significantly in September.

This means that the level of public investment is expected to remain high. The Polish road operator GDDKiA, for example, is planning annual investments of at least EUR 4 bn. The government's planned budget for expanding rail infrastructure forecasts around EUR 5 bn a year. EU funding will continue to be used primarily to support infrastructure projects in the energy and healthcare sectors, which will ensure a solid order pipeline. In building construction, residential construction is seeing subdued growth despite the high demand for social housing. This is partly offset by increased demand in industrial construction for warehouses and data centres.

Segment CEE

Key Data

in EUR m	1-9/2023	1-9/2022	Change
Production output	477	447	6.7%
Order backlog	950	844	12.6%
Order intake	552	531	4.1%
Average staffing levels	2,632	2,230	18.0%

The segment CEE focuses on the home markets of the Czech Republic, Slovakia and Romania. The local equity interests are also integrated here. In this segment, PORR offers construction services in building construction and civil engineering, whereby the goal is to provide complete coverage in the Czech Republic and Romania. Selected major projects in the infrastructure sector are also undertaken.

Production output in the segment CEE totalled EUR 477m, up 6.7% against the same period of the previous year. There was significant growth in civil engineering in Romania in particular. The order backlog increased by 12.6% to EUR 950m. The order intake rose once again by 4.1% to EUR 552m.

Significant new orders in the segment CEE primarily involve large-scale infrastructure construction projects. In Romania, for example, these include road modernisation projects in Bihor and the expansion of the ports of Constanța and Giurgiu. Major new orders in the Czech Republic include the modernisation of the Branický Bridge and the expansion of the Motol University Hospital in Prague.

Construction activity in these three home markets developed at very different rates. Slovakia, for example, recorded an almost stable production volume. Only building construction came under slight pressure due to the tight financing environment. In the Czech Republic, growth rates declined in both building construction and civil engineering. This is due to the country's dependence on the German economy, which is currently barely able to provide any upward momentum. In contrast, the Romanian construction industry has shown pleasing growth averaging over 13% in the year to date.

A solid increase in production can be expected in the short to medium term due to the continued inflow of funds from the European Recovery and Resilience Facility and the NextGenerationEU budget. The economic recovery of key trading partners and the current decline in inflation rates are also bolstering expectations. The lower interest rate level anticipated in the future – the first interest rate cut in the Czech Republic is expected as early as December 2023 – should provide additional positive impetus.

Segment Infrastructure International

Key Data

in EUR m	1-9/2023	1-9/2022	Change
Production output	282	397	-28.8%
Order backlog	1,734	1,077	61.0%
Order intake	1,023	391	>100,0%
Average staffing levels	1,312	1,550	-15.4%

The segment Infrastructure International is home to PORR's expertise in international tunnelling, railway construction and specialist civil engineering as well as Slab Track International. The responsibility for the project markets of Norway, the United Kingdom (UK), Qatar and the United Arab Emirates (UAE) is also integrated here. In this area, PORR focuses on contracts in infrastructure construction and on cooperation with local partners. PORR export products are offered from here for the international markets in a highly selective way and only when there is clear value added.

The segment Infrastructure International segment generated production output of EUR 282m. The 28.8% reduction is primarily due to the lower project volume in the UAE and Qatar. The order backlog underwent extremely positive growth, increasing by 61.0% to EUR 1,734m. The order intake rose by a factor of over 1.5 to EUR 1,023m.

The largest incoming orders in the segment Infrastructure International mainly involve tunnelling projects. These include the H53 construction lot of the Brenner Base Tunnel, which is being handled in a joint venture. The ElbX Tunnel in Germany and the Ebensee pumped storage power plant in Austria are being realised in close cooperation with the segments DE and AT / CH respectively. Other large-scale projects include the expansion and conversion of the Forbach pumped storage power plant in Germany and the extension of the Weissenstein Tunnel in Switzerland. With these projects, PORR is making a significant contribution to the energy transformation and sustainable mobility.

In its project markets PORR focuses on selective growth and strict risk management. Selected infrastructure projects are realised in local partnerships. In Norway and the UK, for example, there are opportunities in the expansion of transport and railway infrastructure. In the UAE and Qatar, small to medium-sized orders are only accepted subject to meeting a more stringent risk profile.

In international tunnelling, the planned expansion of the TEN-T rail network and the need for additional pumped storage power plants will ensure that demand remains high. The range of services PORR offers is complemented by the Slab Track Austria system, thereby meeting the high global demand for sustainable mobility.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

These interim consolidated financial statements of the PORR Group have been prepared under application of the accounting and measurement methods used in the consolidated statements as of 31 December 2022 and the standards applicable for the first time since 1 January 2023. They consist respectively of a condensed statement of financial position, an income statement, a statement of comprehensive income, a cash flow statement and a condensed statement of changes in Group equity.

CONSOLIDATED INCOME STATEMENT

in TEUR	1–9/2023	1–9/2022	7–9/2023	7–9/2022
Revenue	4,460,110	4,150,351	1,568,977	1,554,440
Own work capitalised in non-current assets	2,793	1,087	1,421	261
Income from companies accounted for under the equity method	54,362	45,432	34,346	9,570
Other operating income	118,514	142,293	35,555	53,641
Cost of materials and other related production services	-3,045,916	-2,860,100	-1,074,940	-1,104,631
Staff expenses	-1,075,402	-1,020,703	-379,744	-350,953
Other operating expenses	-285,000	-246,116	-92,840	-75,853
EBITDA	**229,461**	**212,244**	**92,775**	**86,475**
Depreciation, amortisation and impairment expense	-151,438	-141,285	-48,837	-47,539
EBIT	**78,023**	**70,959**	**43,938**	**38,936**
Income from financial investments and other current financial assets	19,277	8,806	6,195	3,304
Finance costs	-29,296	-22,228	-9,638	-6,784
EBT	**68,004**	**57,537**	**40,495**	**35,456**
Income tax expense	-18,353	-14,179	-9,426	-7,700
Profit for the period	**49,651**	**43,358**	**31,069**	**27,756**
of which attributable to shareholders of the parent	40,333	28,122	28,481	21,816
of which attributable to holders of profit-participation rights/hybrid capital	10,635	10,635	3,577	3,577
of which attributable to non-controlling interests	-1,317	4,601	-989	2,363
Basic earnings per share, total (in EUR)	1.05	0.72	0.74	0.56
Diluted earnings per share, total (in EUR)	1.05	0.72	0.74	0.56

STATEMENT OF COMPREHENSIVE INCOME

in TEUR	1–9/2023	1–9/2022	7–9/2023	7–9/2022
Profit for the period	**49,651**	**43,358**	**31,069**	**27,756**
Other comprehensive income				
Remeasurement of defined benefit obligations	-1,044	12,480	-4,331	4,101
Change in fair value of equity instruments	-	-185	-	-
Income tax on other comprehensive income	-83	-3,295	591	-977
Items which cannot be reclassified to profit or loss (non-recyclable)	**-1,127**	**9,000**	**-3,740**	**3,124**
Exchange rate differences	2,832	-4,327	-4,746	-3,886
Gains from cash flow hedges				
in the period under review	888	2,556	-1,123	3,161
Income tax on other comprehensive income	-204	-599	258	-727
Items which can subsequently be reclassified to profit or loss (recyclable)	**3,516**	**-2,370**	**-5,611**	**-1,452**
Other comprehensive income	**2,389**	**6,630**	**-9,351**	**1,672**
Total comprehensive income for the period	**52,040**	**49,988**	**21,718**	**29,428**
of which attributable to shareholders of the parent	42,702	34,537	19,137	23,432
of which attributable to holders of profit-participation rights/hybrid capital	10,635	10,635	3,577	3,577
of which attributable to non-controlling interests	-1,297	4,816	-996	2,419

CONSOLIDATED CASH FLOW STATEMENT

in TEUR	1–9/2023	1–9/2022
Profit for the period	49,651	43,358
Depreciation, impairment and reversals of impairment on fixed assets and financial assets	151,321	143,802
Interest income/expense	11,485	12,338
Income from companies accounted for under the equity method	7,480	3,768
Dividends from companies accounted for under the equity method	6,549	6,629
Profits from the disposal of fixed assets	-10,241	-31,904
Decrease in long-term provisions	-5,959	-9,862
Deferred income tax	7,198	-7,613
Operating cash flow	**217,484**	**160,516**
Increase/decrease in short-term provisions	29,336	-52,732
Increase in tax liabilities	10,837	18,728
Increase in inventories	7,923	-42,528
Increase in receivables	-274,227	-350,532
Increase in payables (excluding banks)	-34,237	220,851
Interest received	12,150	7,747
Interest paid	-23,694	-19,650
Other non-cash transactions	3,334	-8,347
Cash flow from operating activities	**-51,094**	**-65,947**
Proceeds from the disposal of intangible assets	23	-
Proceeds from sale of property, plant and equipment and disposal of investment property	17,964	20,204
Proceeds from the sale of financial assets	1,805	26,212
Proceeds from repayment of loans	2,613	942
Investments in intangible assets	-4,731	-5,672
Investments in property, plant and equipment and investment property	-162,098	-123,507
Investment in financial assets	-541	-1,368
Investment in loans	-1,962	-1,200
Proceeds from the sale of consolidated companies less cash and cash equivalents	-	24,752
Payouts for the purchase of subsidiaries less cash and cash equivalents	-	550
Cash flow from investing activities	**-146,927**	**-59,087**
Paid dividends and interest from profit-participation rights/hybrid capital	-33,482	-32,518
Payouts to non-controlling interests	-3,409	-2,394
Acquisition of non-controlling interests	-	-296
Acquisitions of own shares	-7,033	-
Repayment of profit-participation rights/hybrid capital	-	-51,075
Repayment of leasing financing	-48,407	-48,502
Obtaining loans and other financing	181,769	7,294
Repayment loans and other financing	-193,613	-48,361
Cash flow from financing activities	**-104,175**	**-175,852**
Cash flow from operating activities	**-51,094**	**-65,947**
Cash flow from investing activities	**-146,927**	**-59,087**
Cash flow from financing activities	**-104,175**	**-175,852**
Change to cash and cash equivalents	**-302,196**	**-300,886**
Cash and cash equivalents as of 1 Jan	655,803	765,034
Currency differences	10	1,869
Cash and cash equivalents as of 30 Sep	**353,617**	**466,017**
Tax paid	2,546	3,499

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in TEUR	30.9.2023	31.12.2022
Assets		
Non-current assets		
Intangible assets	191,195	194,128
Property, plant and equipment	1,119,903	1,055,267
Investment property	34,419	33,923
Shareholdings in companies accounted for under the equity method	75,012	78,408
Other financial assets	8,481	8,372
Other non-current financial assets	71,361	70,700
Deferred tax assets	29,000	17,502
	1,529,371	**1,458,300**
Current assets		
Inventories	116,401	124,323
Trade receivables	1,943,172	1,665,040
Other financial assets	145,150	147,658
Other receivables and current assets	61,713	61,215
Cash and cash equivalents	353,617	655,803
Assets held for sale	33,830	34,456
	2,653,883	**2,688,495**
Total assets	**4,183,254**	**4,146,795**

Equity and liabilities		
Equity		
Share capital	39,278	39,278
Capital reserve	358,833	358,833
Profit-participation rights/hybrid capital	247,698	247,526
Other reserves	134,450	118,968
Equity attributable to shareholders of parent	**780,259**	**764,605**
Non-controlling interests	29,614	34,320
	809,873	**798,925**
Non-current liabilities		
Provisions	144,102	144,512
Non-current lease liabilities	319,244	318,778
Non-current financial liabilities	196,870	166,827
Other non-current financial liabilities	3,963	2,647
Deferred tax liabilities	58,329	41,425
	722,508	**674,189**
Current liabilities		
Provisions	312,612	271,338
Current lease liabilities	60,590	55,640
Current financial liabilities	13,778	55,743
Trade payables	1,437,429	1,233,040
Other current financial liabilities	42,633	33,947
Other current liabilities	750,624	1,000,921
Tax payables	29,165	18,574
Liabilities held for sale	4,042	4,478
	2,650,873	**2,673,681**
Total equity and liabilities	**4,183,254**	**4,146,795**

STATEMENT OF CHANGES IN GROUP EQUITY

in TEUR	Share capital	Capital reserve	Revaluation reserve	Remeasurement of defined benefit obligations	Measurement of equity instruments
Balance as of 31 Dec 2021	39,278	358,833	11,225	-36,301	-214
Adjustment according to new or changed IFRS	-	-	-	-	-
Balance as of 1 Jan 2022	**39,278**	**358,833**	**11,225**	**-36,301**	**-214**
Total profit for the period	-	-	-	-	-
Other comprehensive income	-	-	406	8,708	268
Total comprehensive income for the period	**-**	**-**	**406**	**8,708**	**268**
Dividend payout	-	-	-	-	-
Profit-participation rights/hybrid capital	-	-	-	-	-
Income tax on interest for holders of profit-participation rights/hybrid capital	-	-	-	-	-
Changes to the consolidated group/ acquisition of non-controlling interests	-	-	-	-	-
Balance as of 30 Sep 2022	**39,278**	**358,833**	**11,631**	**-27,593**	**54**
Balance as of 1 Jan 2023	**39,278**	**358,833**	**13,929**	**-37,178**	**180**
Total profit for the period	-	-	-	-	-
Other comprehensive income	-	-	-161	-976	-
Total comprehensive income for the period	**-**	**-**	**-161**	**-976**	**-**
Dividends/interest from profit-participation rights/hybrid capital	-	-	-	-	-
Income tax on interest of holders of profit-participation rights/hybrid capital	-	-	-	-	-
Acquisitions of treasury shares	-	-	-	-	-
Equity-settled share options	-	-	-	-	-
Balance as of 30 Sep 2023	**39,278**	**358,833**	**13,768**	**-38,154**	**180**

Foreign currency translation reserves	Reserve for cash flow hedges	Profit-participation rights/hybrid capital	Retained earnings and non-retained profit	Equity attributable to shareholders of parent	Non-controlling interests	Total
-503	-422	299,954	118,691	790,541	33,869	824,410
-	-	-	-22,125	-22,125	-	-22,125
-503	**-422**	**299,954**	**96,566**	**768,416**	**33,869**	**802,285**
-	-	10,635	28,122	38,757	4,601	43,358
-4,508	1,957	-	-416	6,415	215	6,630
-4,508	**1,957**	**10,635**	**27,706**	**45,172**	**4,816**	**49,988**
-	-	-12,987	-19,531	-32,518	-2,394	-34,912
-	-	-49,904	-1,201	-51,105	-	-51,105
-	-	-	2,987	2,987	-	2,987
-	-	-	-141	-141	-155	-296
-5,011	**1,535**	**247,698**	**106,386**	**732,811**	**36,136**	**768,947**
-265	**1,863**	**247,526**	**140,439**	**764,605**	**34,320**	**798,925**
-57	-	10,635	40,390	50,968	-1,317	49,651
3,309	684	-	-487	2,369	20	2,389
3,252	**684**	**10,635**	**39,903**	**53,337**	**-1,297**	**52,040**
-	-	-10,463	-23,019	-33,482	-3,409	-36,891
-	-	-	2,406	2,406	-	2,406
-	-	-	-7,033	-7,033	-	-7,033
-	-	-	426	426	-	426
2,987	**2,547**	**247,698**	**153,122**	**780,259**	**29,614**	**809,873**

FINANCIAL CALENDAR 2024

6.2.2024	**Interest payment** hybrid bond 2020
21.3.2024	**Publication** Annual and Sustainability Report and Full-Year Financial Report 2023
21.3.2024	**Presse conference** on the 2023 Annual and Sustainability Report
20.4.2024	**Record date** for attending the 144th Annual General Meeting
30.4.2024	**144th Annual General Meeting**
7.5.2024	**Trade ex dividend** on the Vienna Stock Exchange
8.5.2024	**Record date dividend**
13.5.2024	**Date of dividend payment** for the 2023 fiscal year
23.5.2024	**Publication** report on the 1st quarter 2024
22.8.2024	**Publication** half-year report 2024
18.11.2024	**Interest payment** hybrid bond 2021
21.11.2024	**Publication** report on the 3rd quarter 2024

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The report on the first three quarters of 2023 can be requested free of charge from the company, Absberggasse 47, 1100 Vienna, and can also be downloaded from **https://porr-group.com/en/ir-interimreports/**.

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