

150
YEARS

FACETS

Annual Report 2019

PORR

Key Data

in EUR m	2019	Change	2018	2017	2016
Operating data					
Production output ¹	5,570	-0.4%	5,593	4,738	3,925
Foreign share	55.8%	-2.5PP	58.3%	53.6%	47.6%
Order backlog	7,065	-0.5%	7,100	6,367	4,804
Order intake	5,536	-12.5%	6,326	6,301	4,150
Staffing level (average)	19,828	4.3%	19,014	17,719	15,328

	2019	Change	2018	2017	2016
Earnings indicators					
Revenue	4,880.4	-1.6%	4,959.1	4,292.9	3,417.1
EBITDA	222.3	1.3%	219.5	200.7	187.3
EBIT	54.7	-40.7%	92.3	90.2	100.1
EBT	37.4	-57.6%	88.1	85.3	91.1
Profit	27.8	-58.0%	66.2	63.7	66.8
Earnings per share (in EUR) ²	0.50	-73.6%	1.88	1.82	2.17
Dividends per share (in EUR)	0.00 ³	-100.0%	1.10	1.10	1.10

	31.12.2019	Change	31.12.2018	31.12.2017	31.12.2016
Financial position indicators					
Total assets	3,665	17.7%	3,115	2,885	2,362
Equity (incl. non-controlling interests)	599	-3.1%	618	597	441
Equity ratio	16.4%	-3.5PP	19.9%	20.7%	18.7%
Cash and cash equivalents	582	82.0%	320	359	476
Net debt	346	>100.0%	150	147	-53

	31.12.2019	Change	31.12.2018	31.12.2017	31.12.2016
Cash flow and investments					
Cash flow from operating activities	249.9	34.1%	186.3	-15.9	56.1
Cash flow from investing activities	-110.7	61.2%	-68.7	-209.9	-108.6
Cash flow from financing activities	121.8	>100.0%	-154.8	107.2	-116.0
CAPEX ⁴	246.1	39.4%	176.5	174.5	118.7
Depreciation, amortisation and impairment	167.6	31.8%	127.1	110.5	87.3

	2019	Change	2018	2017	2016
Key data regarding shares					
Number of shares	29,095,000	-	29,095,000	29,095,000	29,095,000
Market capitalisation as of 31 Dec (in EUR m)	449.2	-11.5%	507.4	810.0	1,132.4

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.

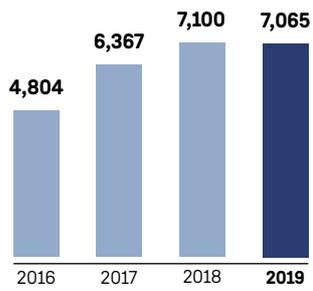
² From the 2019 fiscal year, the interest due on hybrid capital or profit-participation rights is directly allocated to the holders of hybrid capital or profit-participation rights. This leads to a corresponding reduction in the earnings attributable to shareholders and thereby also in the earnings per share. The comparative figures have been adjusted retrospectively.

³ Proposal to the Annual General Meeting based on the joint decision of the Executive Board and Supervisory Board in the Supervisory Board meeting held on 23 April 2020

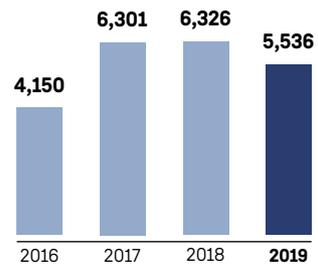
⁴ Investments in property, plant and equipment and intangible assets

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.

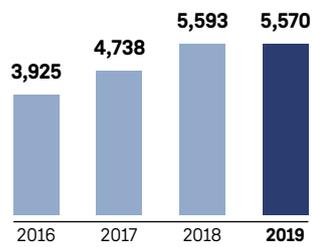
Order backlog
(in EUR m)



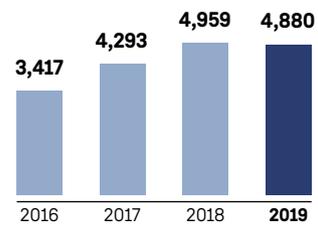
Order intake
(in EUR m)



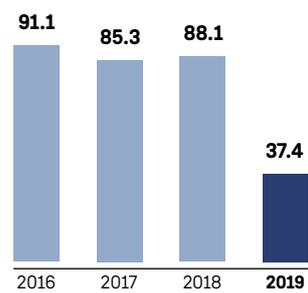
Production output¹
(in EUR m)



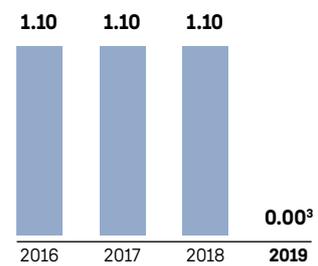
Revenue
(in EUR m)



EBT
(in EUR m)



Dividends per share
(in EUR)



The true scale of impressive buildings is revealed in the eye of the beholder. Like artworks, they exude the ambition, know-how, technology and efforts that contributed to their creation. That is why we are committed to intelligent building that connects people. And that is just as multifaceted as their lives.

FACETS

Annual Report 2019

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THE EXECUTIVE BOARD

Astrid
Knie

Accurate portraits demand more than light, timing and location, which are usually specified. They only succeed if the chemistry is right. This energy defines every snapshot and lets in both the deliberate and the unconscious. That is why portraits create space for countless facets. And the people in the picture exude enormous power. As with this impressive Executive Board team.



Andreas Sauer, CFO

Josef Pein, COO

Karl-Heinz Strauss, CEO

Thomas Stiegler, COO

Foreword by the Chairman of the Executive Board

Dear shareholders,

2019 was a challenging year for the entire construction industry. We experienced two opposing forces: in addition to extremely high demand for construction services, the anticipated easing of the high cost level for construction materials and subcontractors failed to materialise. Therefore the consolidation phase that we initiated following the strong growth of the previous years will take longer than expected. Nonetheless we are resolutely applying our strategy and even see this as an opportunity to confirm our reputation as a design-build company with integrated solutions. Our incredibly powerful team and advanced expertise are paving the way here.

The construction business – our core competency – and our strong market presence on the seven home markets of Austria, Germany, Switzerland, Poland, the Czech Republic, Slovakia and Romania are a decisive stabilising factor. The record levels of the previous year were almost matched once again in both production output and order backlog.

In 2019 PORR achieved production output of EUR 5,570m, marking only a slight decline of 0.4% against the previous year. We generated 94% of production output on our home markets. At the same time, the order backlog – irrespective of the challenging market environment – approached the high level of the previous year by reaching EUR 7,065m, a decline of just 0.5%. Intelligent growth is enabling us to strengthen both our future profitability and our market position on the home markets, thereby sustainably positioning us for the future. The order intake decreased by 12.5% to EUR 5,536m and reflects the strategy of a more selective acquisition policy.

Despite the demanding environment, we had expected much more in terms of earnings from the operating business. The revaluation of a project in Norway and the market situation in Poland nevertheless led to a negative dip in earnings. In the end, this caused EBT to stand at EUR 37.4m. This confirms the current need for transformation. And we have the strategy and the power to drive this forward proactively. After all, PORR is advancing from what is already a leading position.

Success cannot be taken for granted. Started in 2019, the PORR 2025 transformation programme addresses the growth of recent years. Its goal is to put us in an optimal position for the profound shifts occurring in the construction sector. And we are working on its rapid implementation. We have already realigned our organisation and streamlined it with a new management model. Processes are being standardised to give us greater flexibility and proximity to customers. Cost structures are being analysed and the first measures implemented. We are recognising new opportunities through our focus on new digital technologies and by promoting and strengthening the network within the Group. The decisive factor is that we are addressing every challenge equally – and embracing responsibility for economic, environmental and social issues.

Our commitment to sustainable business remains unchanged. We have pledged to protect the climate and to be careful with our resources and we are committed to a fair workplace and living environment. In 2019 we made great progress of which we can be proud. With the Group-wide code of conduct for business partners, we are strengthening our focus on the supply chain. Comprehensive measures have allowed us to reduce both energy consumption and greenhouse-gas emissions. In contrast, we have achieved an 18% increase in the average number of staff training hours. Our work has been recognised by leading institutions with numerous awards. We are certain that a responsible approach to resources will lead to a better world for every stakeholder and thereby to sustainable success.

Tomorrow's world will not get any simpler. 2020 started with an exceptional situation, the extent and intensity of which have affected us all and the consequences of which are hard to predict today. The coronavirus has all of our markets in its grip. And yet, despite the bans on socialising and gathering as well as the severe travel restrictions, there is a silver lining on the horizon. More than ever before, the crisis will be a catalyst. It gives us a glance into our future life and vividly shows us our digital world – a world of streaming, online shopping, online and cloud services, virtual meeting rooms and a new form of cooperation – also in the construction industry.

The opportunities that will be derived from this are already a reality for us. We laid the foundations for the digital transformation years ago. After all, it affects everything – our processes and business models just as much as our structures and workflows. Today we execute projects in an integrated way. With topics such as Building Information Modeling (BIM), LEAN Design and LEAN Construction, we can plan projects proactively and continuously. We have already proven this on multiple buildings and structures. PORR is well prepared. There are only a few construction companies that are capable of mastering the complex cycle of digitalisation and amalgamating it. We want to leverage this and apply stand-alone solutions and pioneering technologies to keep on forging new paths.

There has also been a new arrival on our Executive Board team. As of 1 January 2020, Josef Pein took over the COO mandate from Hans Wenkenbach and is responsible for PORR's activities in Austria and Switzerland. We thank Mr Wenkenbach for all of his work and dedication over the past eight years, a period in which he played a key role in shaping PORR. At the same time, we look forward to a new future with a powerful new Executive Board team.

In times like these, our corporate culture also provides support with its five principles: Reliability, Shoulder to shoulder, Appreciation, Passion and Pioneering spirit. We are an owner-managed company. Standing shoulder to shoulder is important to us and our employees recognise that. It has become clear that traditional values are especially important. Construction is and will remain a people business, as a company is only ever as strong as its workforce. That makes it even more essential to reiterate that PORR's greatest asset is its people and that protecting them is always the top priority. For their tireless and passionate contribution, I thank them on behalf of the entire Executive Board. Ultimately, it is they who drive our success.

We would equally like to thank our customers, shareholders and business partners for the confidence they have shown in us, for their continued loyalty and for their support on the journey ahead.

I am confident that, despite the economic headwind, PORR will gather strength in 2020. After all, our aim is unchanged: PORR wants to create sustainable value long-term.

Sincerely,

A handwritten signature in black ink, appearing to read 'Karl-Heinz Strauss', written in a cursive style.

Karl-Heinz Strauss
CEO

HIGH- LIGHTS

Trailblazer since 1869

Pioneering spirit, innovative strength and superlative achievements – in March PORR celebrated its 150th anniversary. What started out as “Allgemeine Österreichische Baugesellschaft” is today a leading construction company in Austria and Europe with a workforce of around 20,000 people. Its USP is construction services spanning the entire value chain in construction coupled with digital design-build solutions.

A milestone for Doha

Following a construction period of more than five years, in spring PORR completed what was then the largest contract in its history – the “Metro Doha Green Line”. This project is also a milestone for the capital city of Qatar. The Green Line involves construction of a double tunnel tube with a length of 16.6km as well as six metro stations. The project was realised in a consortium together with local partners.

Into the future with BIM and LEAN

The handover of the new BMW Freimann sales and distribution centre in Munich took place in February. The conceptual design, submission plans, construction planning and all construction work was handled by PORR Design & Engineering as the design-build contractor. Value engineering was used to identify potential areas for optimisation in order to meet the agreed budget. Here an integrated planning approach was applied together with Building Information Modelling (BIM) and LEAN design. A digital building model was used from the very beginning together with the application of BIM in every construction phase and facet.

bee@PORR for next generation of beekeepers

Under the motto “Bee aware and care” PORR is taking steps to prevent bee deaths with more than 400 beehives at over 40 sites. The PORR hives also serve as educational tools for young beekeepers. Hands-on training is offered in special courses. Around 20% of the “liquid gold” goes to customers, business partners and employees, while those caring for the hives keep the rest.

First blast on the Brenner Base Tunnel

With the first drilling of the exploratory tunnel in the south direction, PORR began construction work on Austria's largest tunnelling project, the Brenner Base Tunnel, at the end of March. Lot H51, "Pfans-Brenner", involves building two main tunnel tubes between Pfons and Brenner, around 9km of exploratory tunnels as well as an emergency stop and transfer point at St. Jodok. Around 10km has already been driven using the drill-and-blast method. 30km of the entire stretch of around 50km will be driven with a tunnel boring machine.

World Cup in Qatar

In 2019 PORR completed construction of the Al Janoub Stadium in the Qatari harbour city of Al Wakrah. This marked the conclusion of the largest building construction contract in the company's 150-year history. The stadium was designed by Iraqi-British architect Zaha Hadid and was inspired by the sails of traditional dhow boats. Located 23km from the capital Doha, it has a capacity of more than 40,000 spectators and is set to be one of the eight venues for the 2022 World Cup.

Above the rooftops of Warsaw

With the construction of the 155m-high SKYSAWA office and commercial complex in the heart of Warsaw, PORR is making a key contribution to the cityscape and shaping the city's skyline. In the up-and-coming office quarter on Świętokrzyska, two buildings will be completed in 36 months with a gross floor area of around 40,000m². One special highlight of the SKYSAWA tower is that it will be one of very few buildings to have direct access to the metro system. The contract is worth around EUR 75.6m.

Infrastructure in the heart of Romania

In Romania PORR acquired two large-scale orders in 2019: the design-build contract for the two-track extension of the railway line between Mogoşoaia and Baloteşti and the construction of a 13.2km section of the motorway between Sibiu and Piteşti. It is part of the Trans European Rhine-Danube Corridor and is one of Europe's most important links to the Black Sea. It is also the first motorway through Carpathia and the first to connect Transylvania with Walachia. The total volume of the two contracts is EUR 131.7m.

High-quality living in Vienna

PORR has secured another major order in Vienna's 20th district. The building includes residential, commercial and office space and will be completed by January 2022, directly beside the Vienna Millennium Tower at Handelskai. Modern living, high comfort and sustainable solutions make this project stand out – the most stringent sustainability standards are being met alongside high living standards. With 402 apartments and 243 parking spaces, PORR is making a valuable contribution to creating quality housing in Vienna.

Changing the face of apprenticeships

The PORR Education Campus in Vienna Simmering was opened with a celebration in September after a mere one-year construction period. With this forward-looking pilot project, PORR is taking on a trailblazing role in further education and training and is adding another pillar to its construction apprenticeships. The educational range on offer includes training with new construction materials, smart construction machinery, as well as an introduction into the new world of work. In the first year, more than 80 apprentices have already benefited from this practical training.

Europe's largest bridge project

By building the pylons and support structure, PORR played a key role in the construction of the High Moselle Bridge, which was officially opened to traffic in November. As Germany's second-highest bridge, it stands as the centrepiece of the new, 25km-long federal highway "B 50 neu" and provides a direct link between the Benelux countries and the Rhein-Main area. The High Moselle Bridge is 1.5km long and rests on ten pylons, which stand at heights of up to 150m. The cost of construction totalled EUR 175m.

New face on the Executive Board

As of 1 January 2020, Josef Pein became a member of the PORR Executive Board. The construction expert took over the COO mandate of J. Johannes Wenkenbach and is responsible for PORR's activities in Austria and Switzerland. Josef Pein has been at PORR since 1987 and has climbed every step on the engineering career ladder – from project manager to head of division to the board of Porr Projekt und Hochbau AG and the board of TEERAG-ASDAG AG. His most recent position was as Managing Director of PORR Bau GmbH.

RAW MATERIALS

Tomáš
Malý

I grew up in a town with brown coal mines, surrounded by mining machines. This asphalt mix plant reminds me of that. A landscape clad in dark and beautiful shades. Like the asphalt that inspires my black-and-white photography. I capture the shadows and their composition of contrasts. This dark atmosphere free from the shackles of colour, that is what gives my pictures their clear voice.



Objem nádrže.
60 m³

1

HOŘLAVINA
IV. TRÍDY



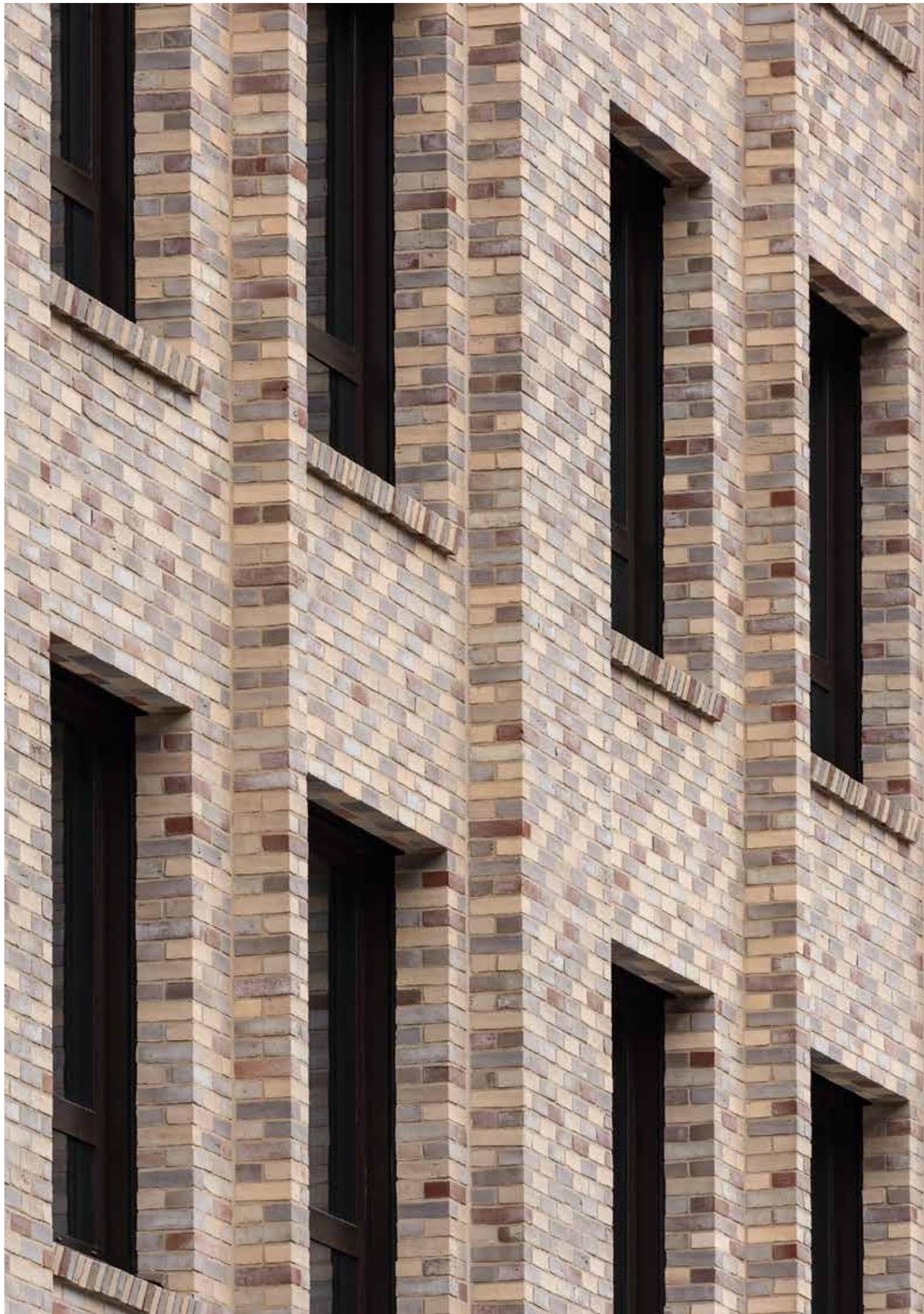




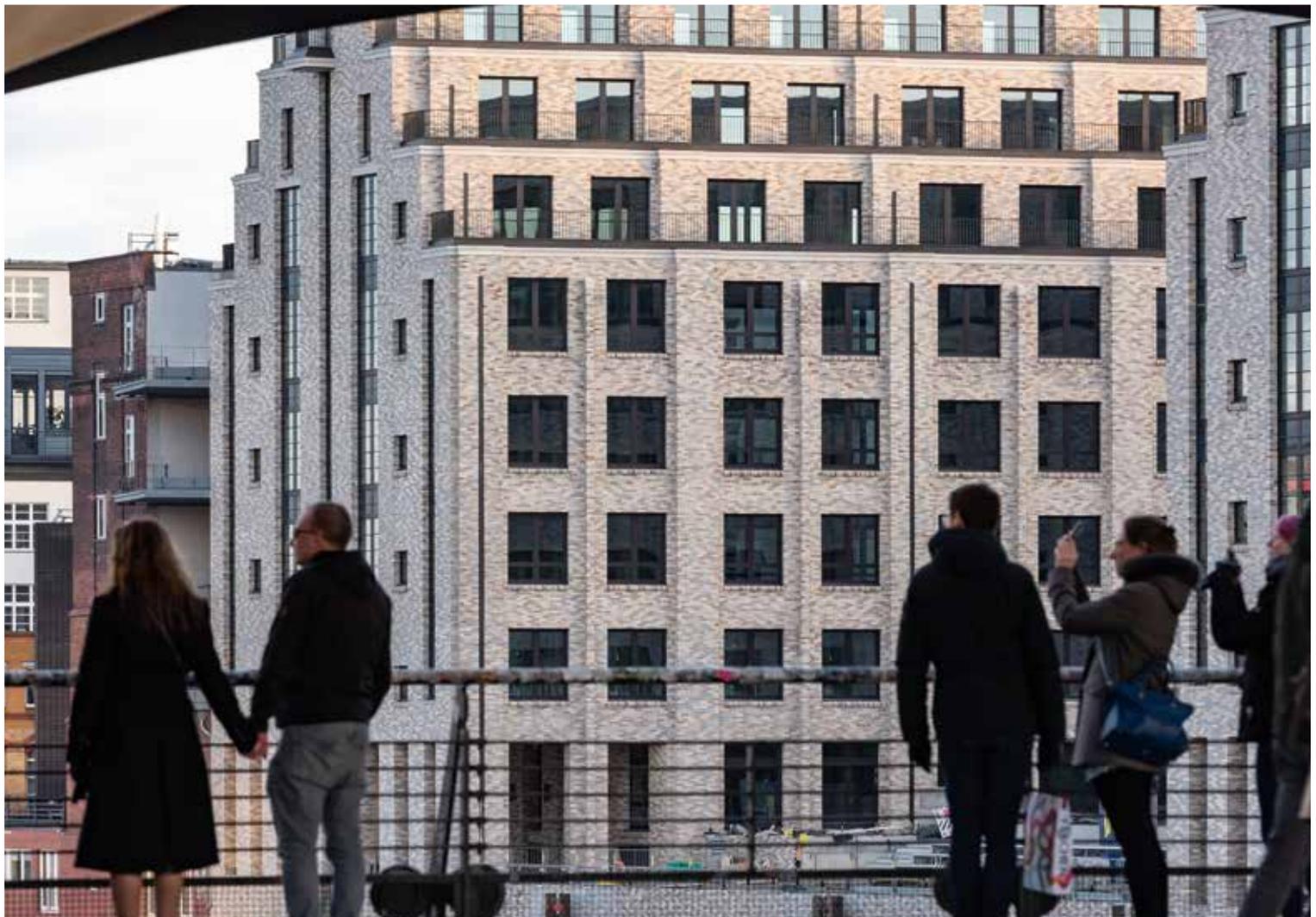
OFFICE CONSTRUCTION

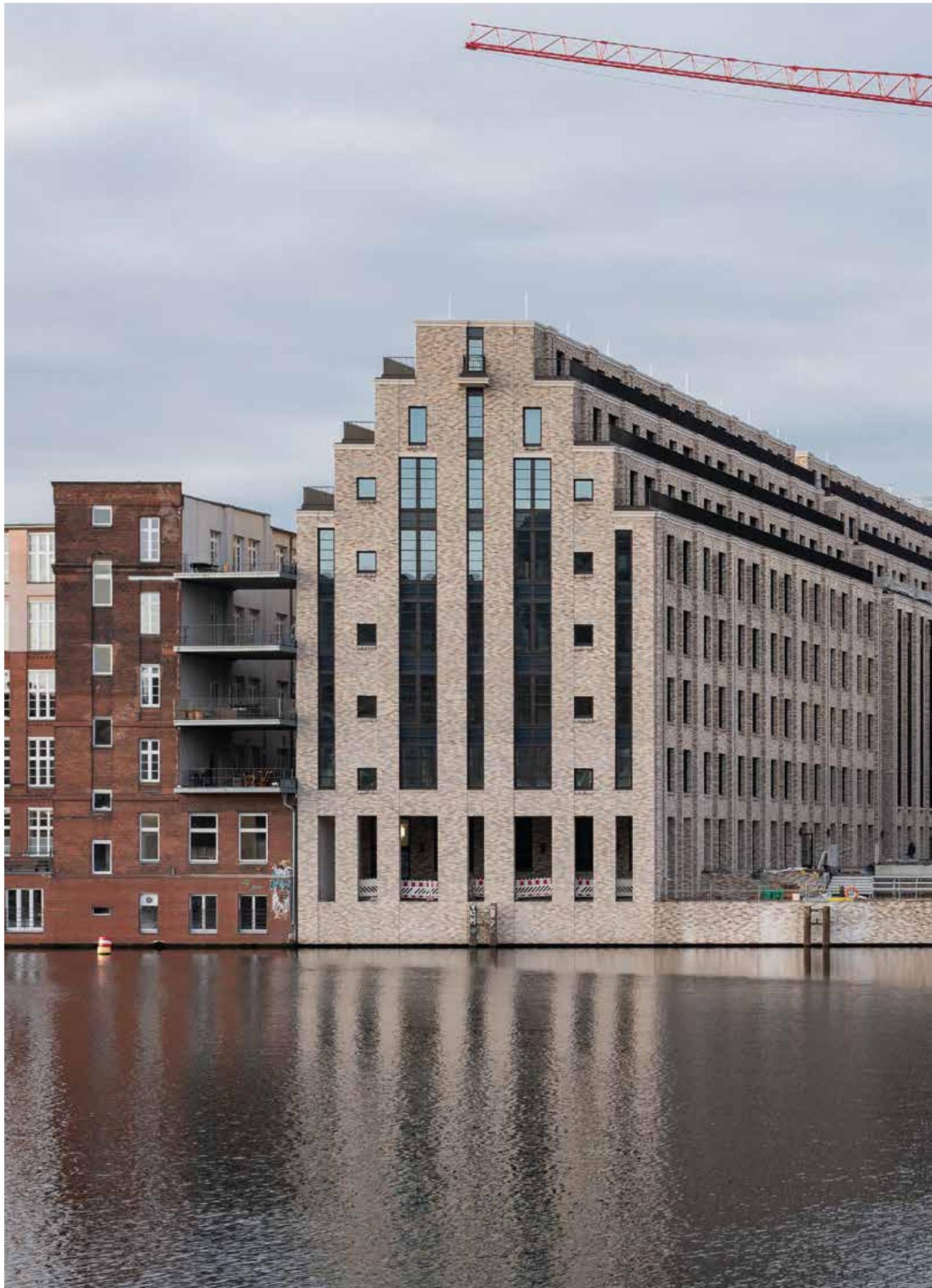
Linus
Lintner

Architecture can only be truly understood on site. Next to the River Spree in Berlin, a building makes sense in the context of the city, clearly defined and speaking a simple language of form. It makes the river even more tangible, as a symbol of life and of constant change. A Spreespeicher built from six different types of stone. It is both: linear in form and pulsating with life.







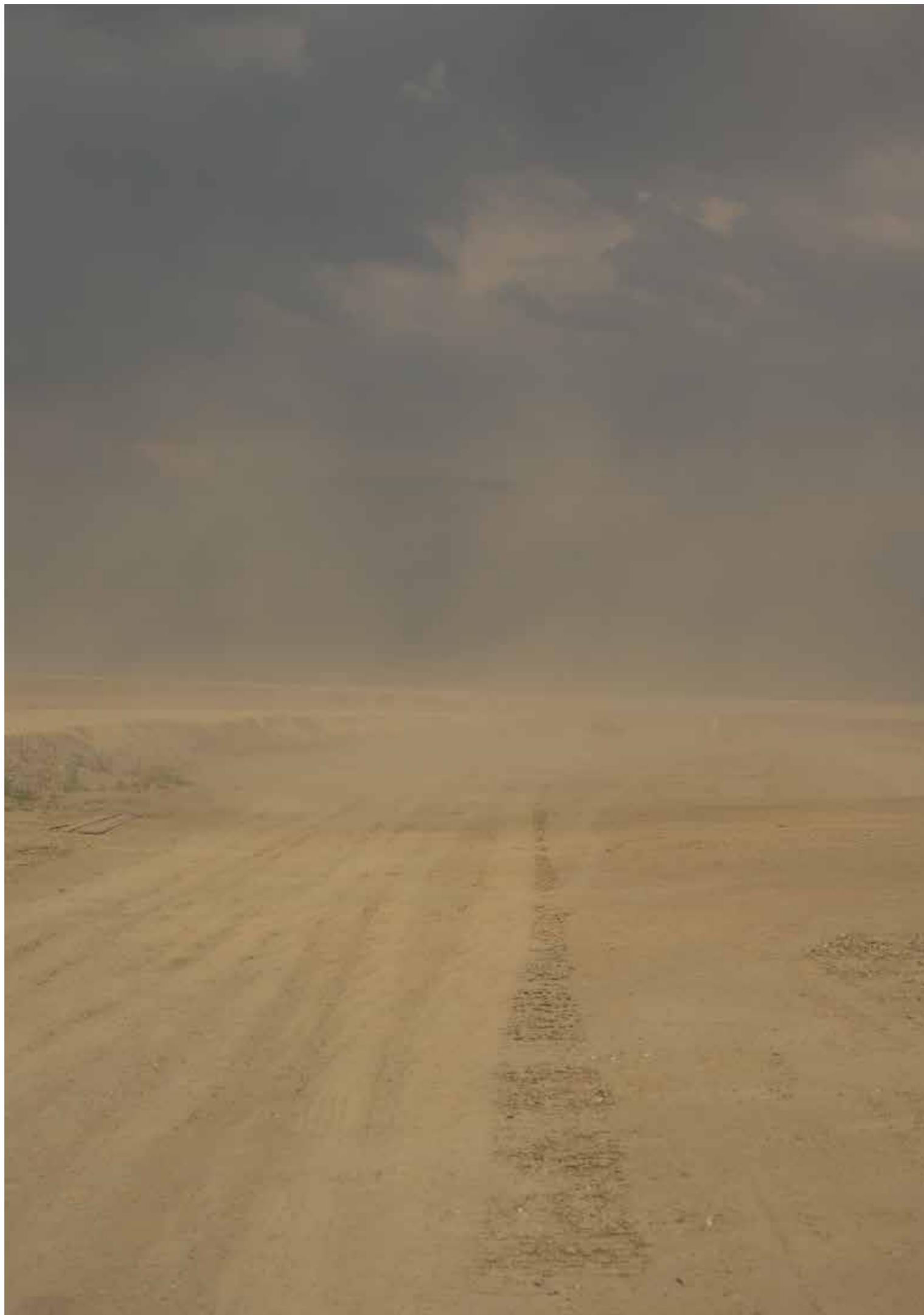




RESIDENTIAL CONSTRUCTION

Michael
Nagl

At first glance, Seestadt appears disconcerting, irritating. The dust, the noise, the topography: a construction site. But a closer look reveals a lot to inspire confidence. Soon the lake will be surrounded by houses and Seestadt will come to life. A blossoming urban area is taking shape. My snapshots capture this feeling of renewal – in which everything is possible and everything is in progress.







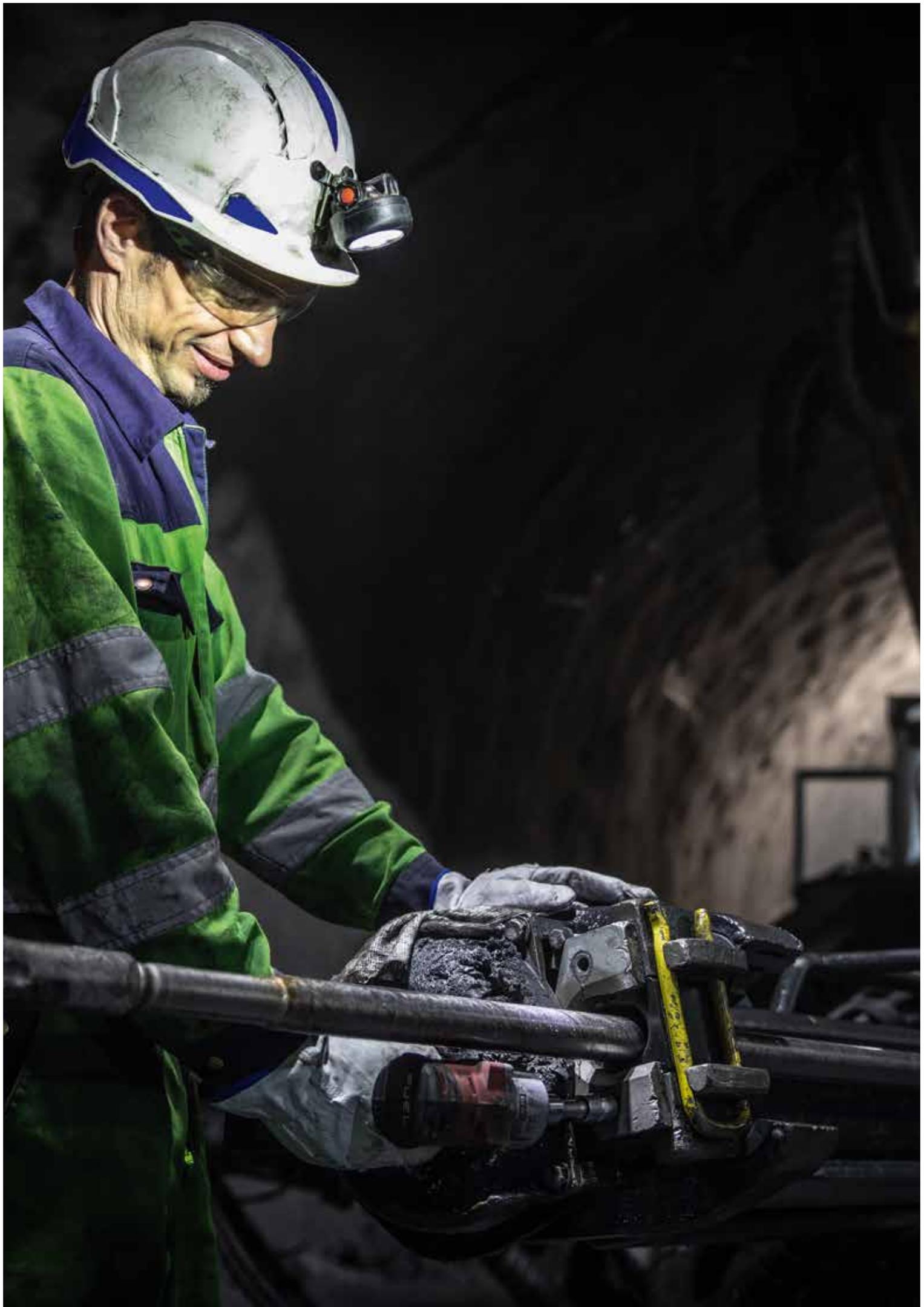


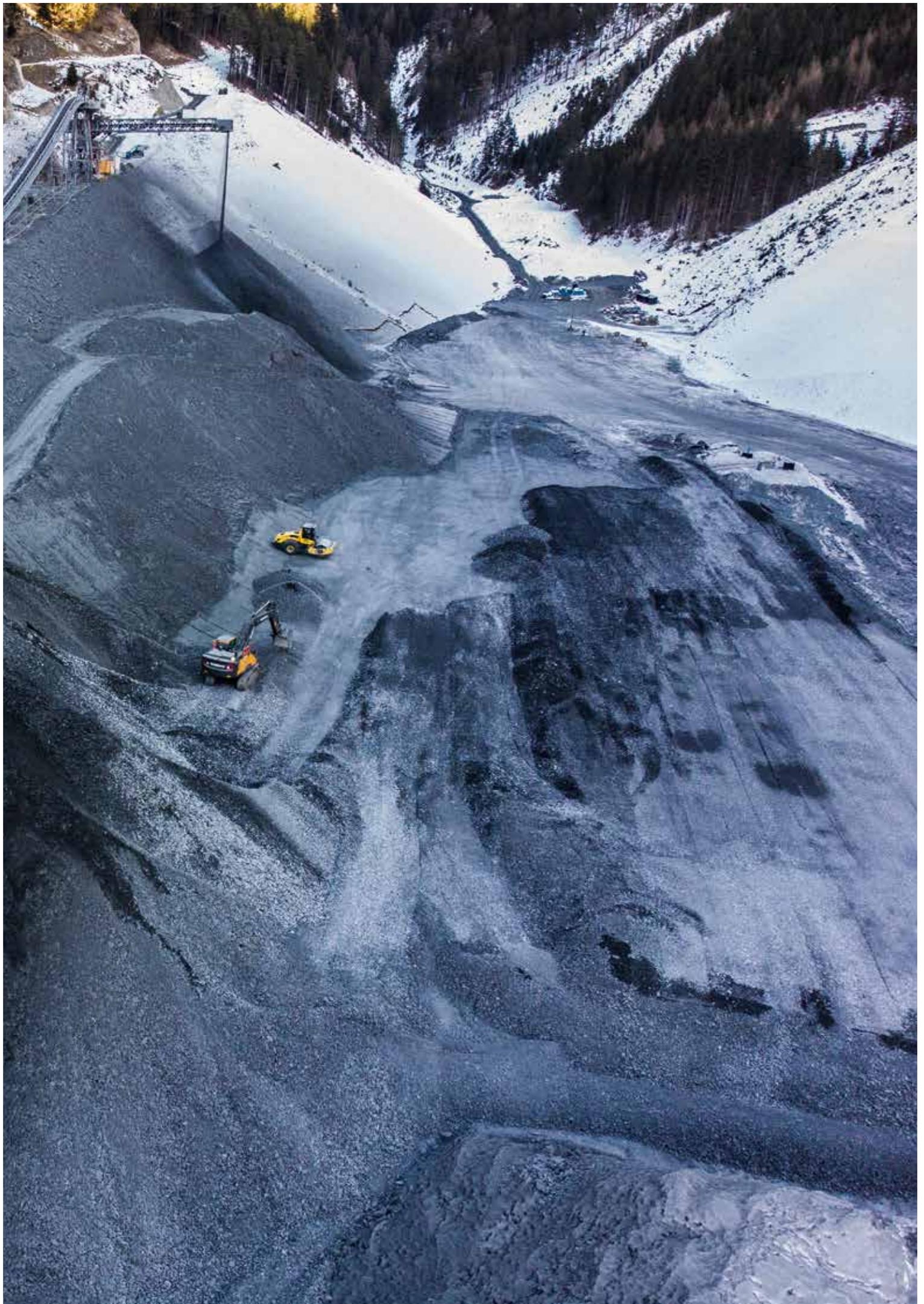


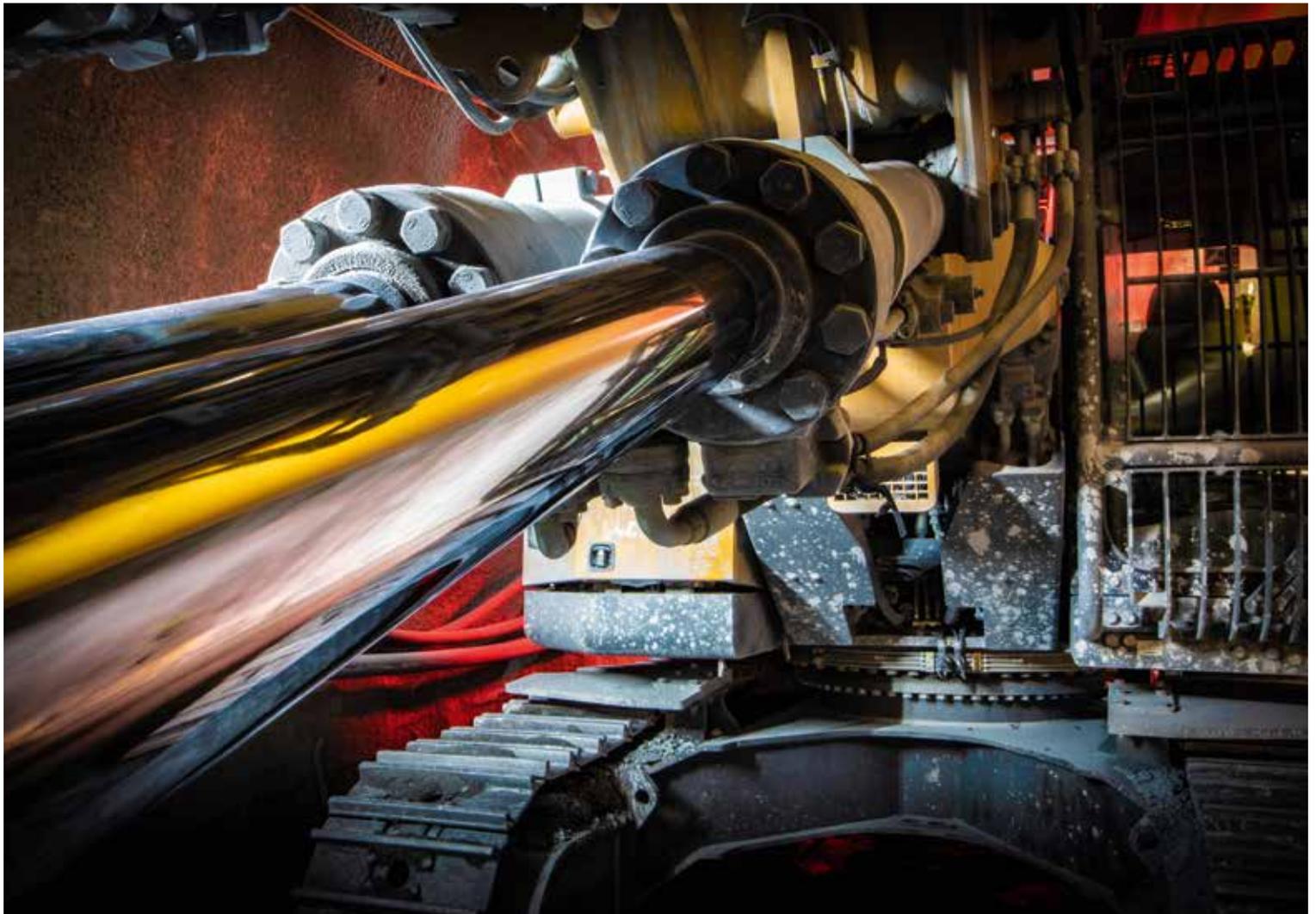
LARGE-SCALE PROJECTS

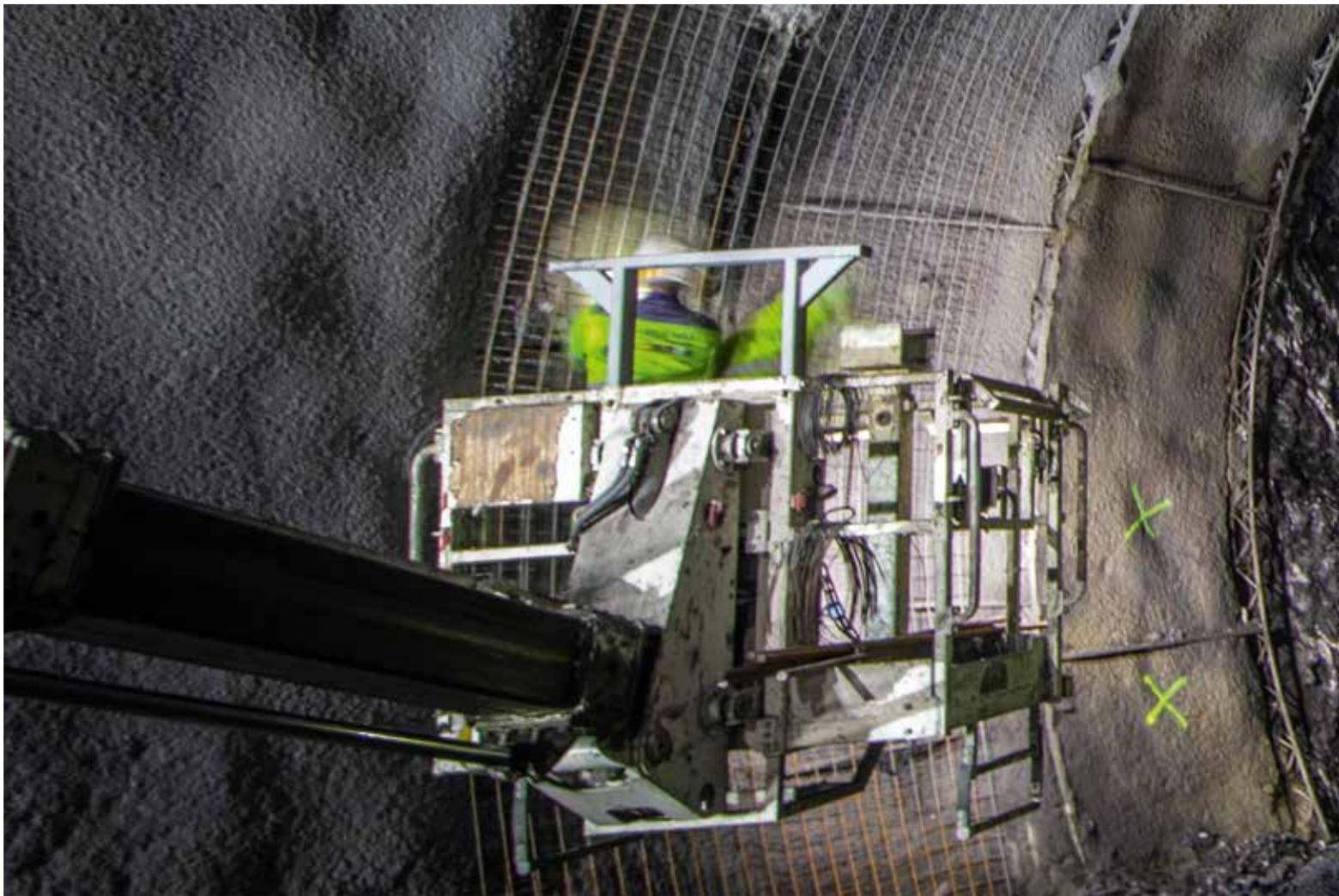
Wolfgang
Gollmayer

Documentary photography has a major strength. It records the moment without a flash or any additional light source. Moments happening right now are already dissolving at the same time. Each one has its own story to tell. A collection of authentic materials on the technology and the people at a major construction site. Massive machines, blurry beams of light after a detonation, footprints in excavated material that has just been sieved. And the person at its heart – faces furrowed in concentration during their shift, skilled hand movements, the expert eye for geology. And all with one voice.







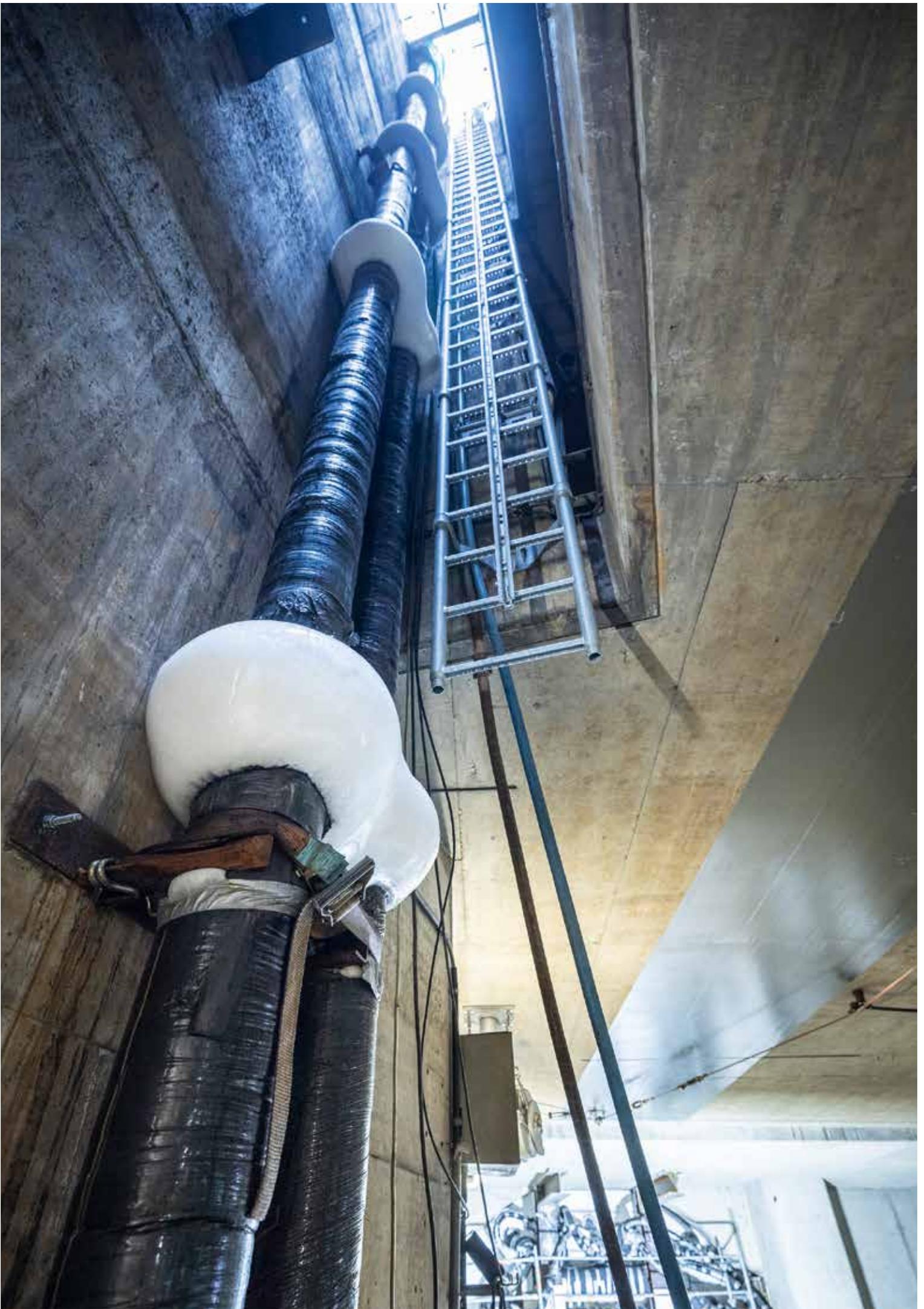


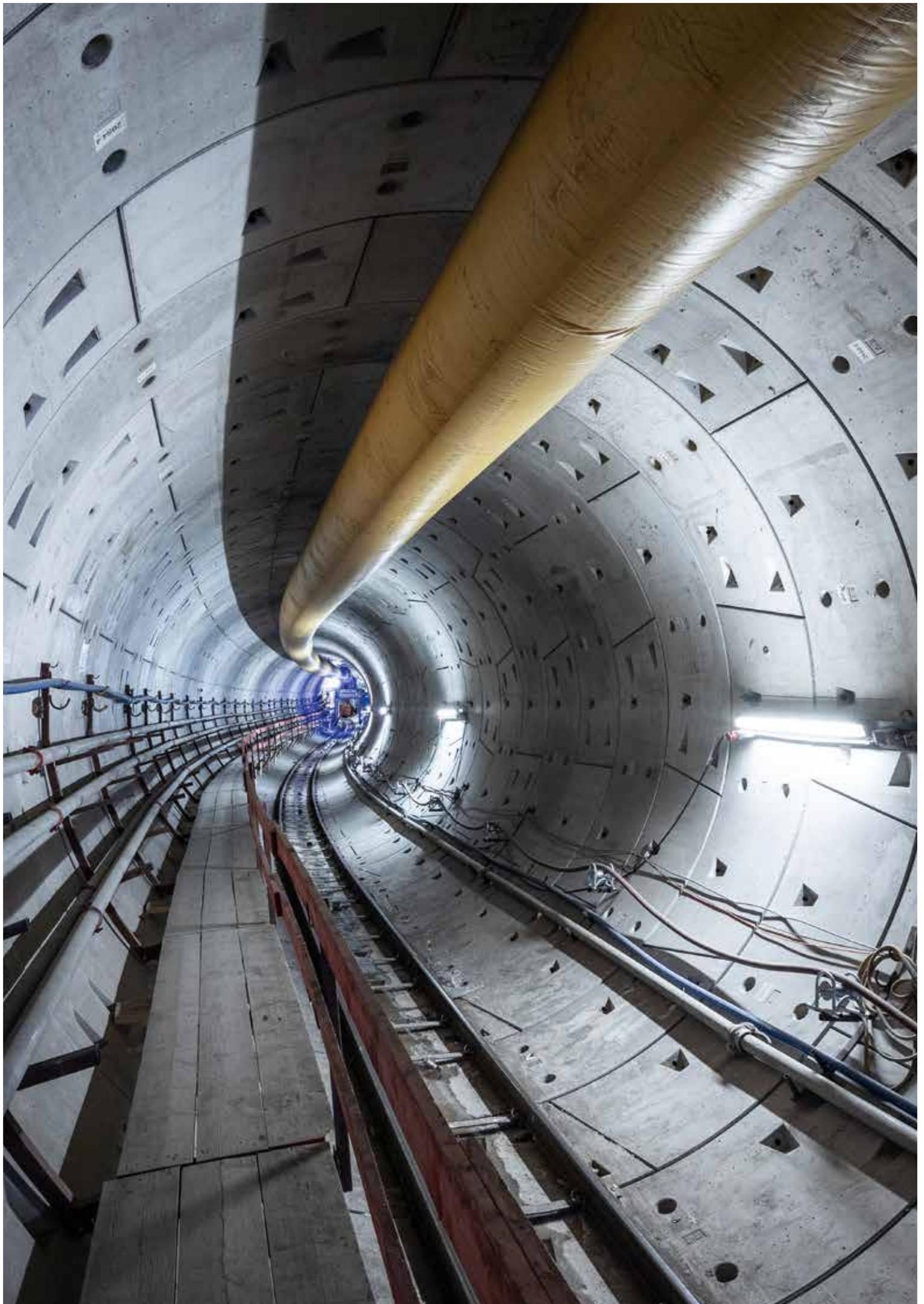


TUNNELLING

Klaus
Helbig

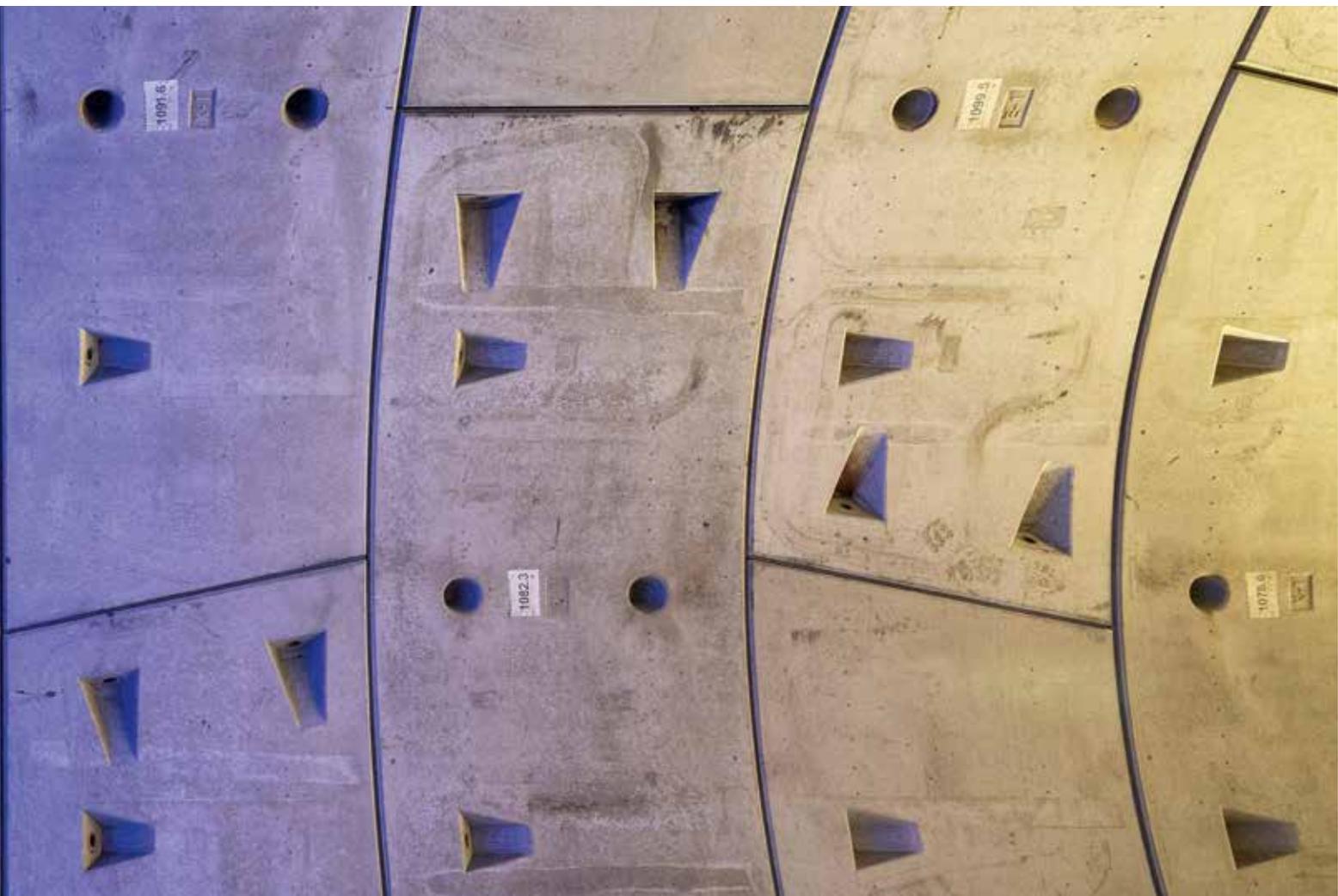
A tunnel construction site like a stage set. The pipes and rails are laid out sparingly and neatly. No surplus accessories. Concrete, wood, metal and synthetics show their specific functionality. In a new light. Spotlights bathe the sober concrete grey in metallic blue and warm golden-yellow. Marking the water points for the fire brigade. That is practical. And beautiful.











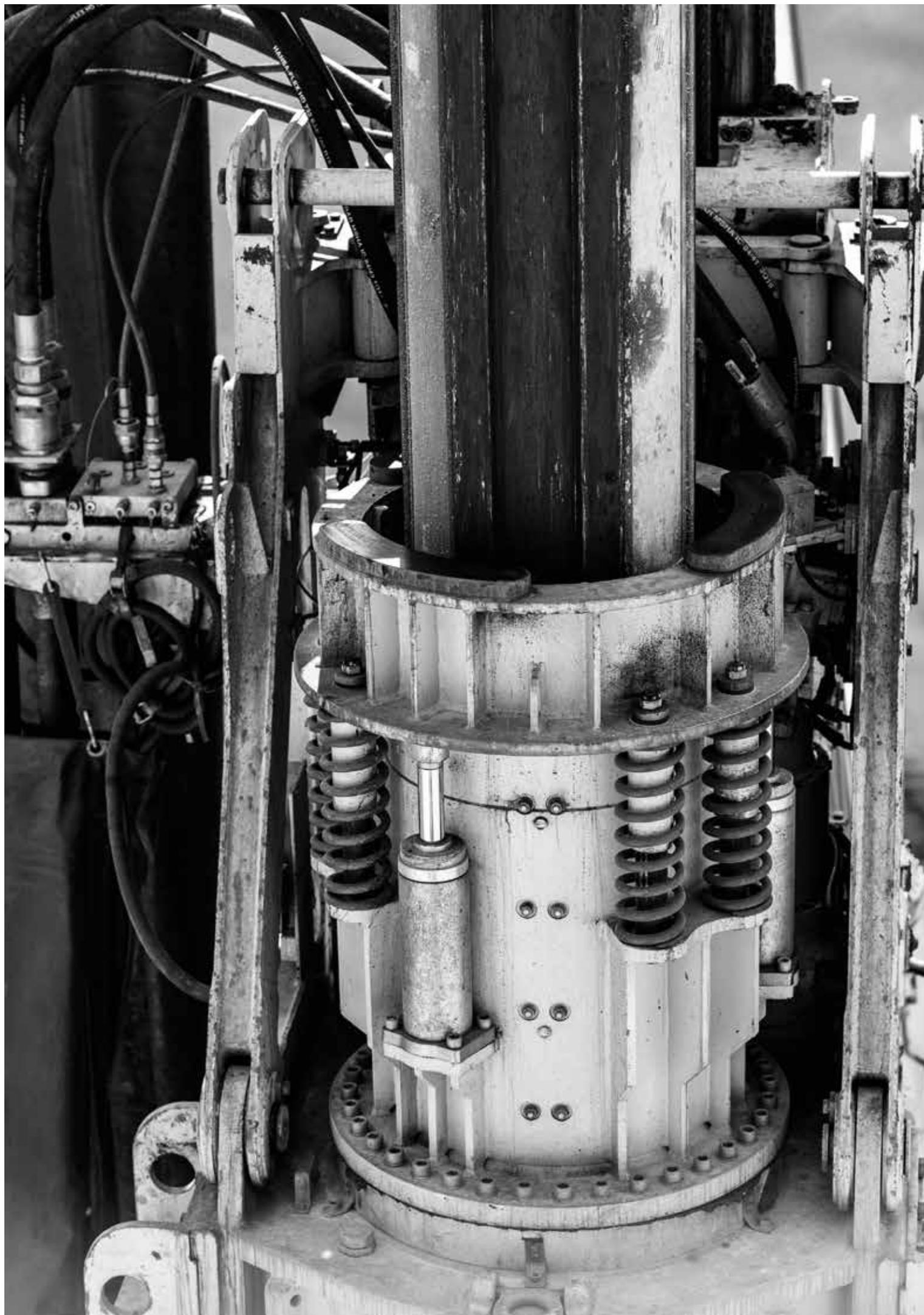
RAILWAY CONSTRUCTION

Stephan
Huger

In Mürzzuschlag, Styria, the historic Semmering railway meets the new Semmering Base Tunnel. This is where I can sense the unbridled force of rock and material. The powerful and the primal. The massive drill bits, the round iron, pipes and tubes. The rock face and, in the middle of nature, the model of the future railway platform. I see the essential in coming together, in structures and images.







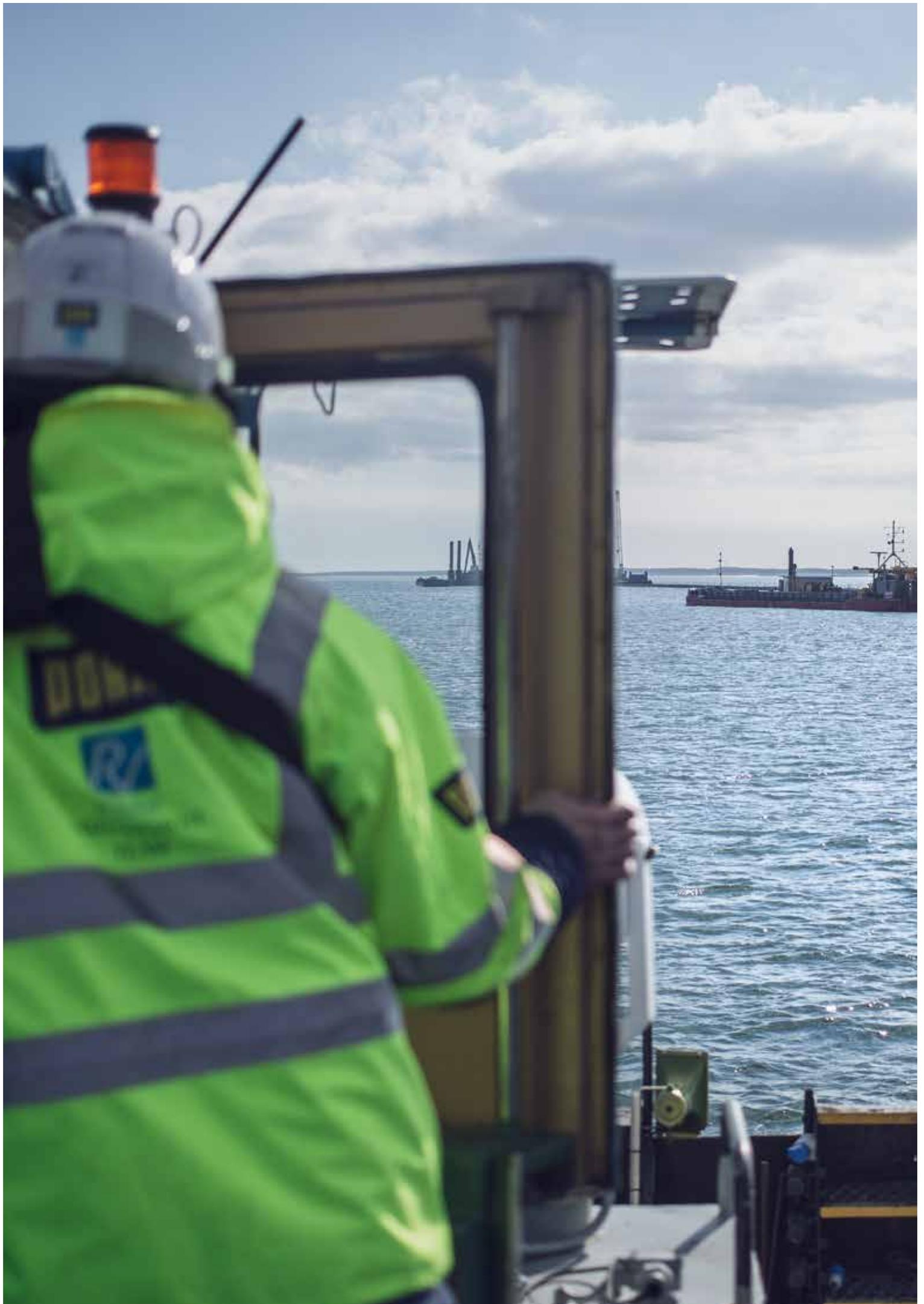


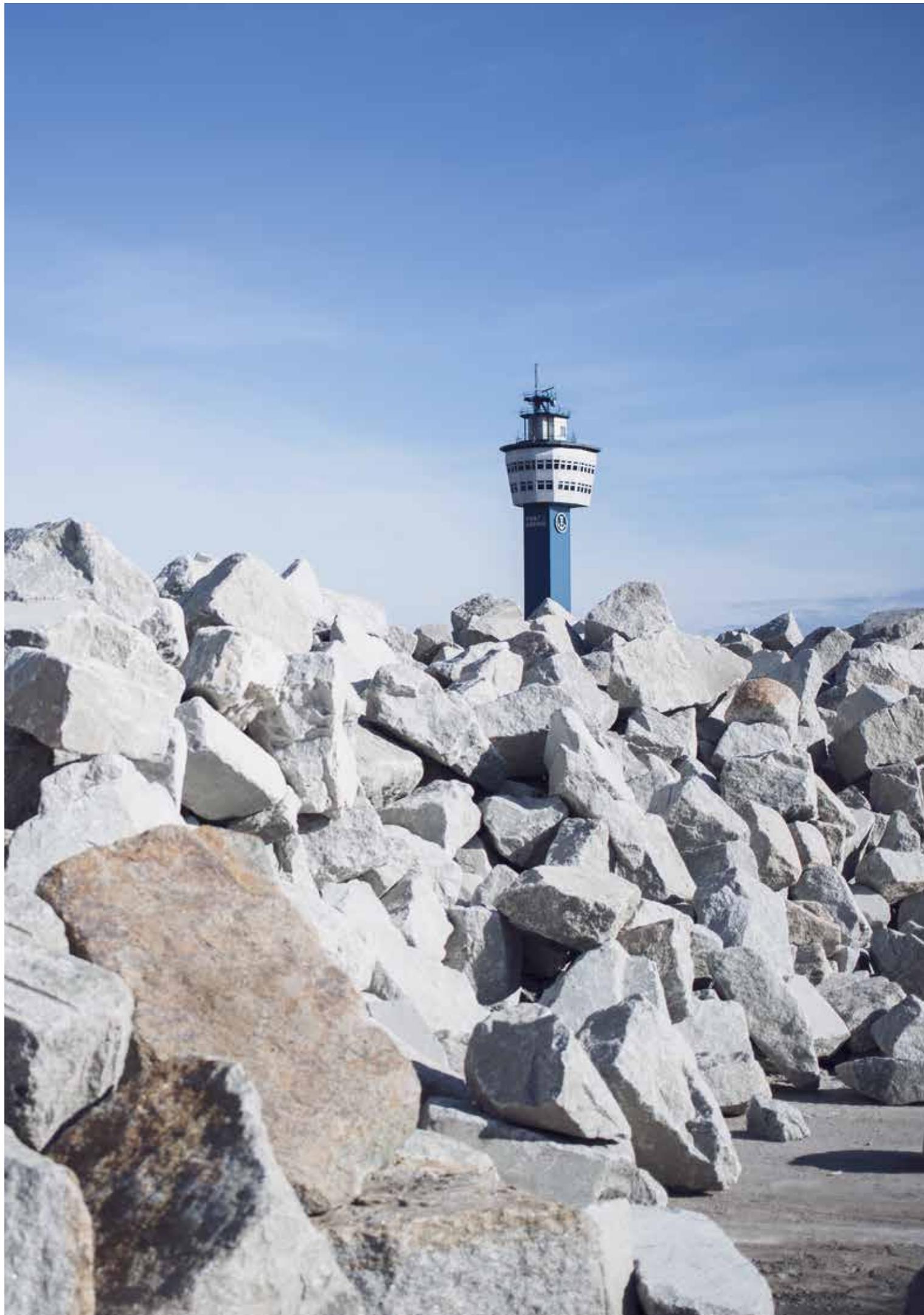


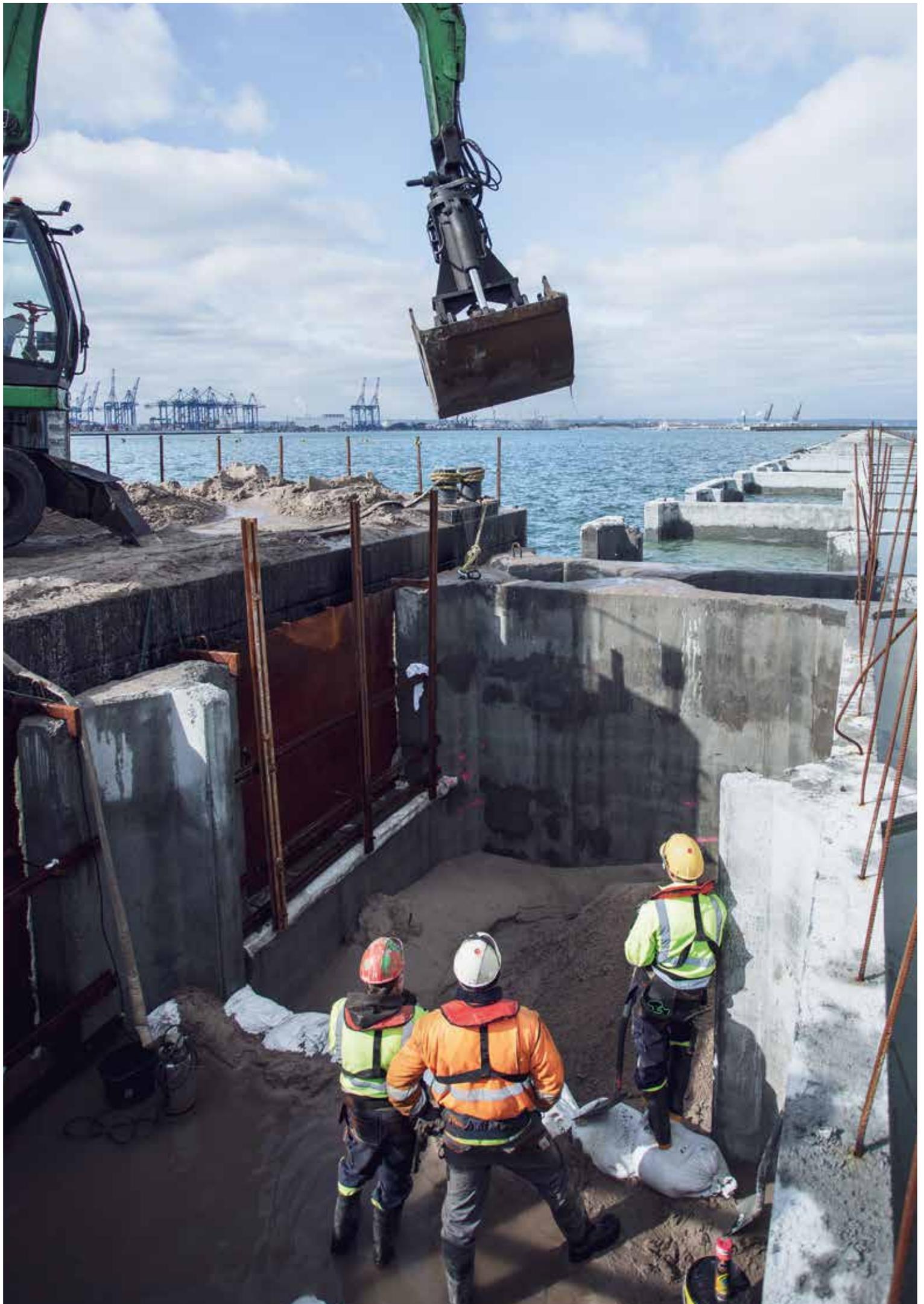
HYDRAULIC ENGINEERING

Piotr
Krajewski

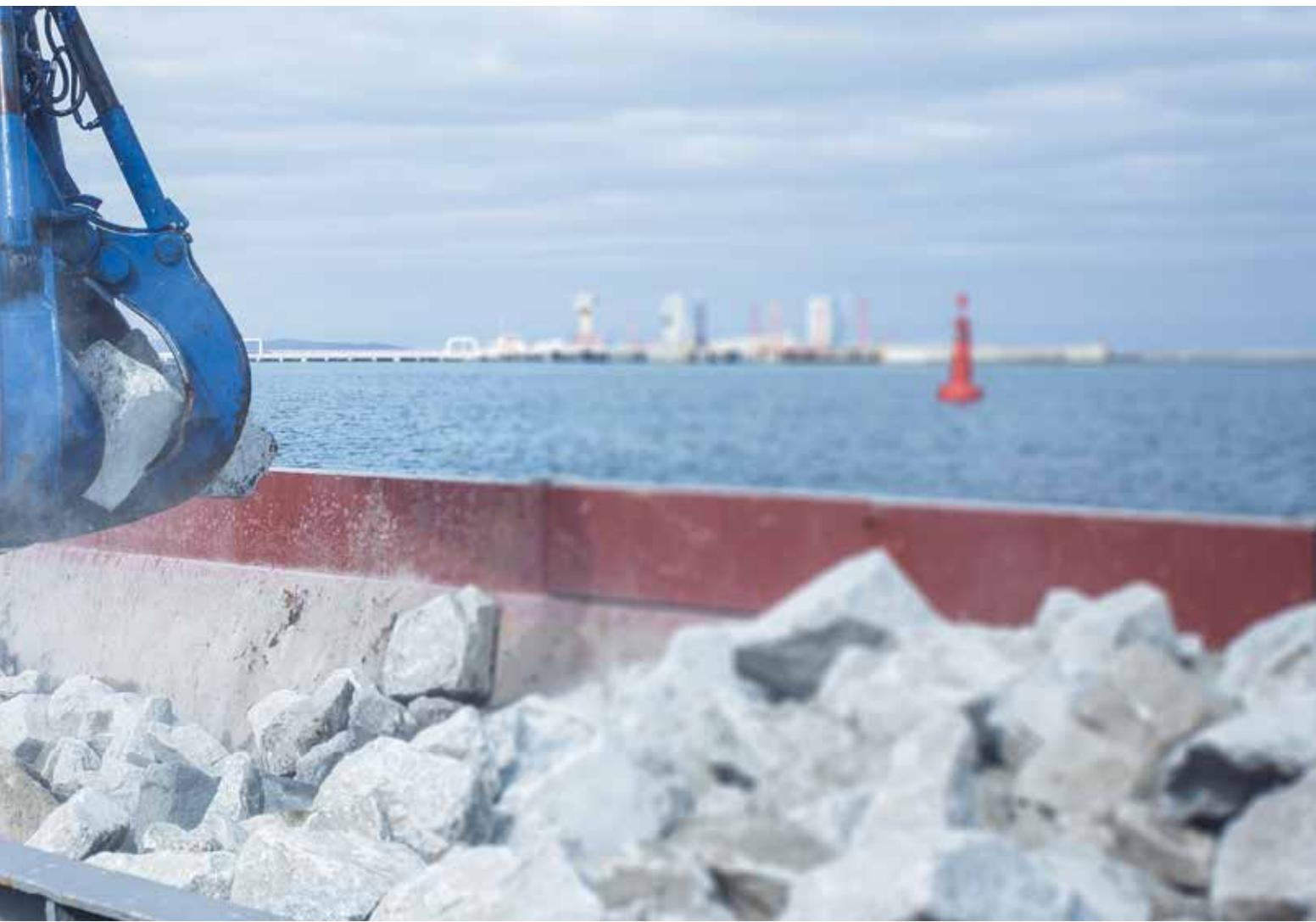
A construction site like this on the Baltic Sea coast is such a rare sight. Giant excavators and dump trucks are hauling boulders. For a breakwater out at sea. The spectacular battle between nature and technology immediately fascinates me. Masses of water crashing against concrete walls. The smell of the sea breeze, cement and machinery. All forming a story rich in contrasts, captured by my pictures.











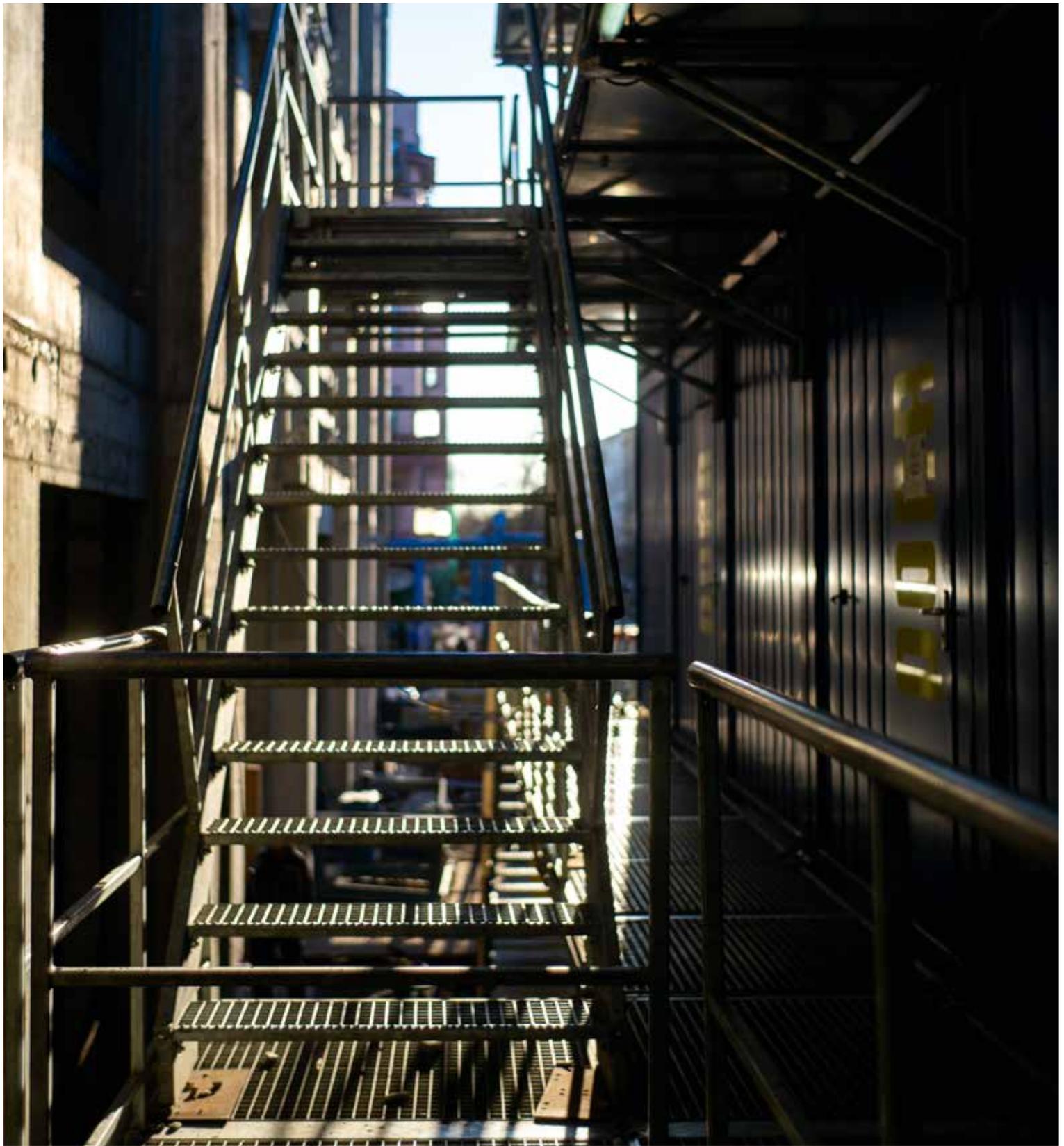
PORR FAMILY

Ralf Böllstorf
Maximilian Bartl
Philipp Wilde
Eva Schleifenlehner
Wolfgang Schreyer



It may look easy, but it requires intensive preparation. After all, a Wolffkran crane with a hook height of 90.5m and a 45m radius needs 19 trucks to transport it and 2.5 days to get it operational. Advance assembly and removal are planned in detail. This is only possible with tight-knit, well-coordinated cooperation. But the panoramic view from our workplace and the result that we hand over to the client when the job is done are the real reward.

Ralf Böllstorf, Mechanical construction engineer



It is a great feeling to see the golden light that appears when the evening sun sets and the container unit at the construction site is immersed in a timeless atmosphere. And here, the staircase is particularly accentuated. It connects the people building. After all, construction comes from teamwork. From the iron bender to the project manager, from the bricklayer to the foreman. All shoulder to shoulder. Together.

Maximilian Bartl, Site manager



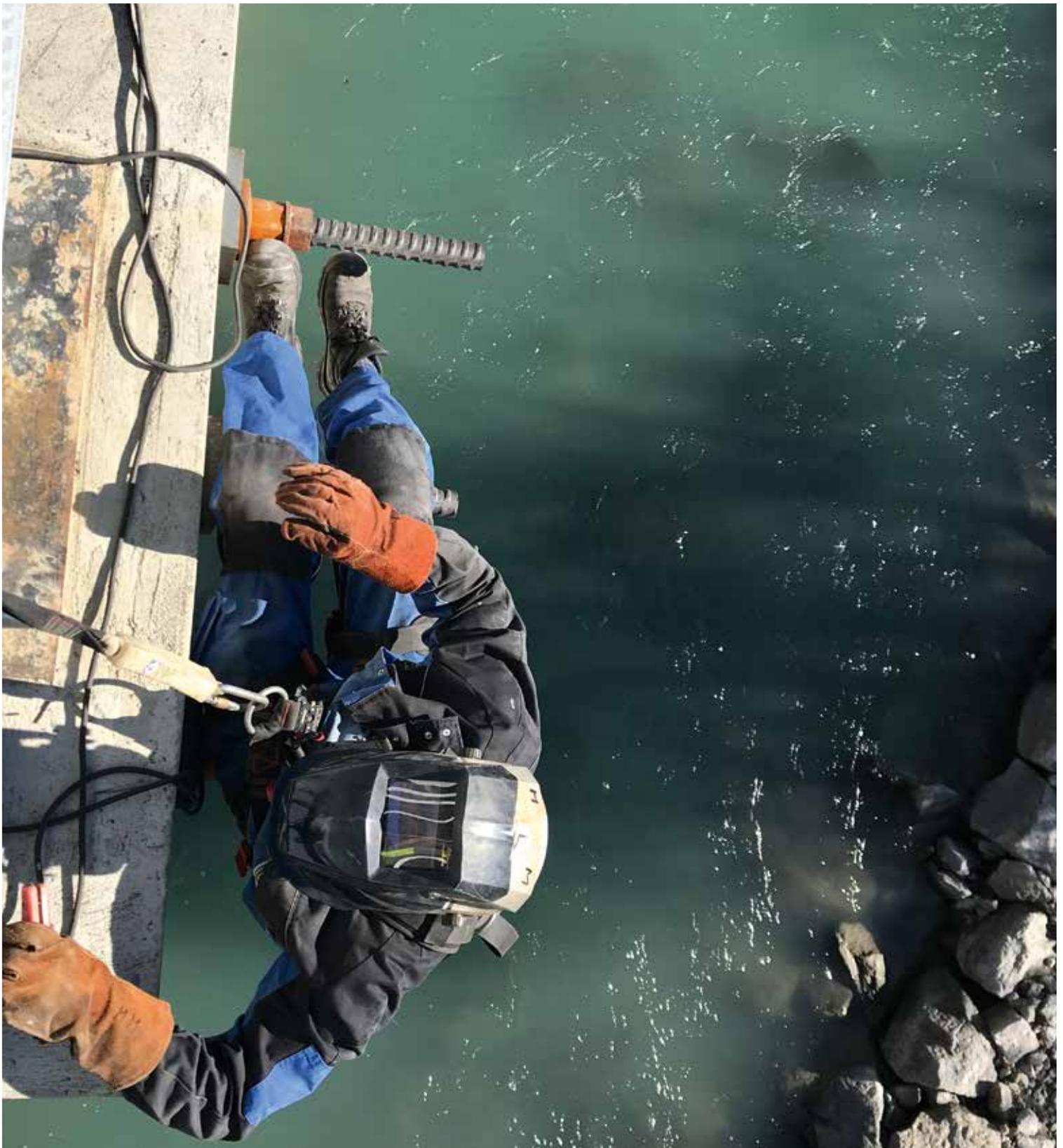
The formation of a bridge demands extreme precision and exact timing. We need to pour concrete at multiple points simultaneously and quickly complete the surfaces. Thanks to close cooperation among all of our colleagues, we achieve incredible technological milestones, often under cramped and difficult conditions. Achievements that are only possible in a team.

Philipp Wilde, Planning engineer



A large construction site brings together a lot of trades and a lot of work – often in the tightest of spaces. Thanks to our exceptional teamwork and solidarity, shoulder to shoulder, we have created an impressive facility here together.

Eva Schleifenlehner, Construction manager

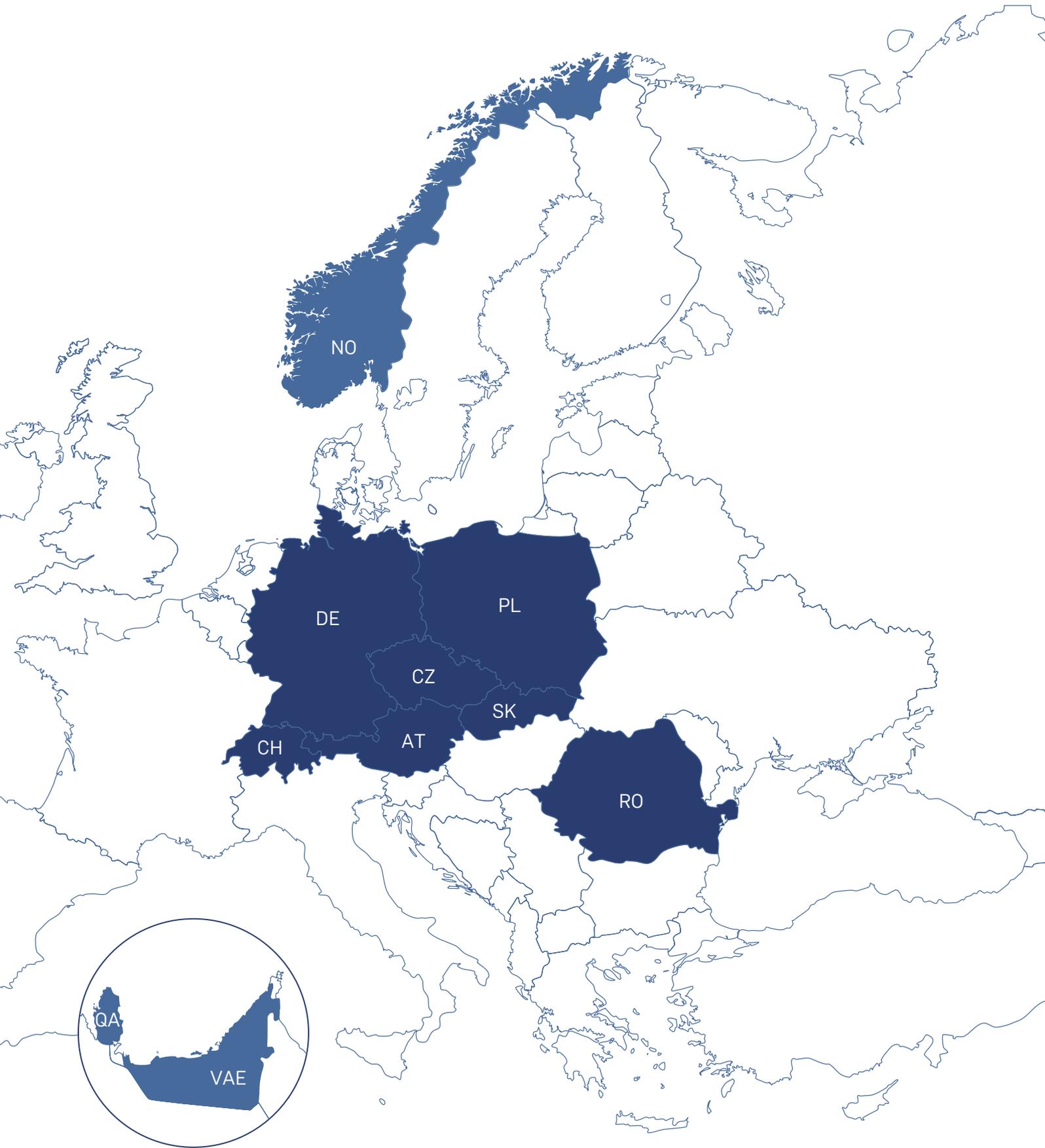


Due to the enormous amount of traffic on construction sites, we repeatedly need maintenance works and fire-service deployment. There is a rule when welding: as soon as a colleague calls for help, we deploy. Anytime, day or night. We all work shoulder to shoulder. And have been doing so for 20 years as part of the PORR family.

Wolfgang Schreyer, Group leader steel works

ABOUT PORR





■ **Home markets**

Full product range in construction (permanent/project business)

Austria, Germany, Switzerland, Poland, the Czech Republic, Slovakia and Romania

■ **Project markets**

Selective approach with export products in civil engineering

Qatar, UAE and Norway

Business Model

Our markets

Leading position on the seven European home markets, with long-term potential in the construction sector

Our USP

Construction company with vertical integration that realises complex projects as a design-build contractor and technological trailblazer

Our strategy

Intelligent, selective growth with our core competency construction

Our principles

Reliability
Shoulder to shoulder
Appreciation
Passion
Pioneering spirit

Core competency construction

PORR is and will remain a construction company. In Austria it is a leading provider in the construction sector. Europe-wide, it is one of the most important construction companies on the home markets of Germany, Switzerland, Poland, the Czech Republic, Slovakia and Romania. For more than 150 years, PORR has been successfully realising complex construction projects in building construction and civil engineering. As one of the few infrastructure specialists on the seven home markets, the company covers the entire value chain for infrastructure projects. The goal is to further expand its leading position as a design-build contractor. Moreover, PORR is a trailblazer in technology, increasingly applying linked-up, innovative solutions in both design and build and proactively developing and exploring the digital advances of the future.

Focus on Europe

PORR's focus is on the seven European home markets Austria, Germany, Switzerland, Poland and the Czech Republic, plus Slovakia and Romania as new home markets since 2019. Generating around 94% of production output, the focus of the business lies in Europe. This is where PORR's entire service portfolio is deployed – from design over construction to operations. In addition, the company works very selectively in certain project markets such as Qatar, the United Arab Emirates (UAE) and Norway. Here PORR offers its export products and extensive expertise in tunnelling, railway construction and specialised civil engineering on the international stage.

Efficient organisational structure

Effective 1 January 2019, PORR introduced a new, streamlined segment structure with three business units. The new organisation strengthens the integrated networking and cooperation.

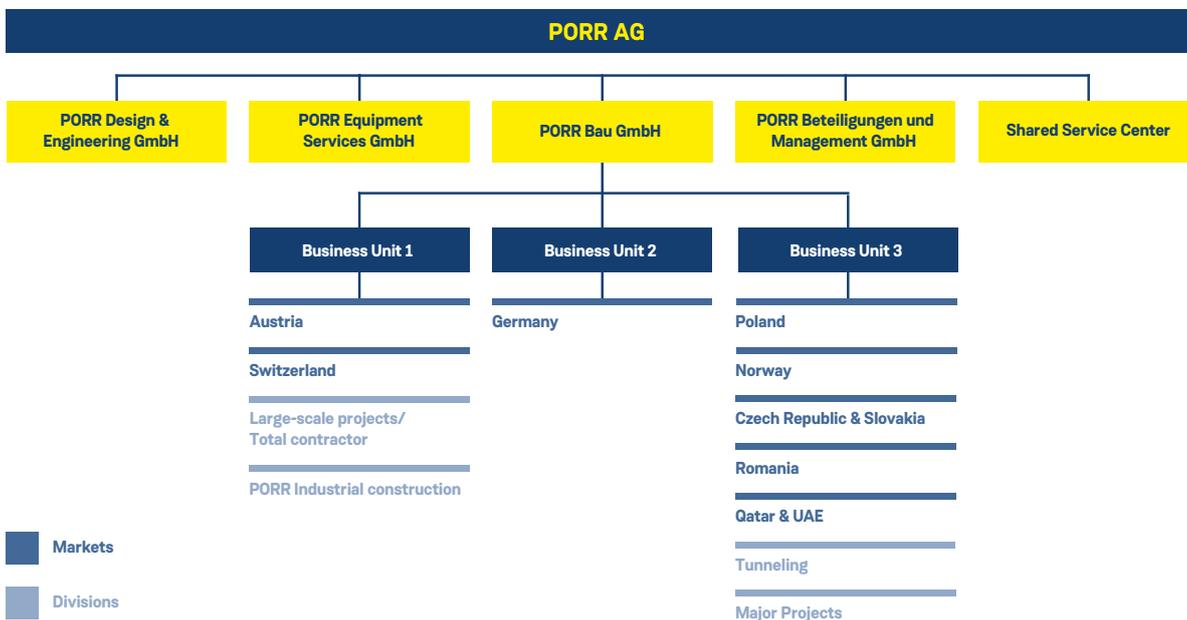
Business Unit 1 (BU 1) is responsible for the countries Austria, Switzerland and for PORR Industriebau. New additions in 2019 were environmental engineering and railway construction including Slab Track Austria projects in Europe. Equity interests like Prajo, TKDZ, Thorn, PWW and ALU-SOMMER have also been integrated into BU 1.

Business Unit 2 (BU 2) comprises the activities of PORR in Germany and is divided into four regions: South (via Munich), East (via Berlin), West (coverage by PORR Oevermann) and North (via Hamburg).

Business Unit 3 (BU 3) focuses on the home markets of Poland, the Czech Republic, Slovakia and Romania as well as all PORR project markets – Qatar, UAE and Norway. Another new addition is the Major Projects unit, which includes large-scale Slab Track Austria infrastructure projects outside of Europe.

In addition, the other equity interests (in PORR Beteiligungen und Management GmbH, PBM) have been bundled in the holding.

Organisational structure



Group Strategy

Markets

Market	Potential		PORR-specific
Austria	strong	●	Stable, high capacity utilisation, strong market position
Germany	strong	●	High demand, capacity bottlenecks, realignment in building construction
Switzerland	strong	●	Stable demand, pressure on margins in civil engineering
Poland	strong	●	High demand, capacity bottlenecks, pressure on margins
Czech Rep./Slovakia	strong	●	Stable demand, expansion of permanent business
Romania	strong	●	High demand, expansion of permanent business
Qatar/UAE	neutral	●	Selective, reduced project volumes
Norway	neutral	●	Under analysis, ongoing projects stable
UK	weak	●	Exit in 2019, no further projects

The table shows the demand on the PORR markets as of the end of February 2020.

Megatrends

Urbanisation

Shaping the city of the future.

55% of the world's population live in urban areas.
 Two thirds are expected to live in cities by 2030.
 Demand for new living space and infrastructure.
 The city as a resource.

Ecological/social

Green construction becomes a way of life.

Sustainable building that conserves resources.
 Renewable energy as standard.
 Reinventing old building material.
 New lifestyles with shifting age structure.

Customers

Customers in flux.

Personalised solutions as the new currency.
 Transparency in management.
 Shaping projects as partners.
 One-stop shop as USP.

Digital future

Smart and digital with diversity.

Becoming more agile.
 BIM and LEAN journeys essential.
 Big data for people, materials and machines.
 Paperless construction site.

PORR AG is a European construction company with a leading position in every aspect of the construction value chain. The strategy is clear and long-term: there is no change in the goal of expanding the strong market position in Europe and focusing on selective, intelligent growth and on technology. The overarching goal remains a sustainable increase in the enterprise value for every stakeholder.

PORR's business activities are divided into permanent business and project business. Permanent business with complete coverage is offered in Austria, the Czech Republic, parts of Germany, Switzerland, and Romania. On every other market PORR works on a project basis and concentrates on the sectors in which it can offer clear value added.

Seven home markets in Europe

PORR concentrates on the seven stable European home markets – Austria, Germany, Switzerland, Poland, the Czech Republic, Slovakia and Romania. The focus remains firmly on its core competency – the construction business. The company strives to realise as many construction services as possible itself and covers the entire lifecycle of a construction project on most of its markets – both in building construction and civil engineering. PORR has a strong, Group-wide construction network and a streamlined organisational structure. This allows it to optimally exploit the potential of a European company coupled with an in-depth, regional market position.

PORR generated around 94% of its production output on its home markets in 2019. In Austria the goal is to continue to expand its leading market position and grow in niches. Following the growth in recent years, PORR has reached a decisive size in Germany, thereby establishing itself as a leading market player in infrastructure and industrial construction. Here PORR offers its full range of services. A selective expansion of activities is planned in the other countries, whereby PORR is striving for complete coverage in the Czech Republic in particular.

In terms of project markets, PORR is currently focusing on Qatar, UAE and Norway – which is currently under analysis – after deciding to withdraw from Great Britain in 2019. For project markets, the focus is on contracts in infrastructure construction and on cooperation with local partners. Here PORR operates selectively with its export products primarily in tunnelling, railway construction and civil engineering (special and large-scale projects). As long as there is clear value added, export products may also be offered on other international

markets as individual projects. Furthermore, projects are realised for longstanding industrial clients in line with the follow-your-customer principle.

Intelligent growth

PORR continues to focus on intelligent growth – especially in markets where clients are increasingly looking for full-service construction solutions. The goal is to offer every service both as a general contractor and as a design-build contractor, covering every service across the entire value chain. Targeted, value-generating acquisitions allow the Group to selectively expand its existing service range and thereby improve the depth of the value chain. This business model secures strategic advantages in a challenging environment. Intelligent growth is also part of selective project acquisition in order to sustainably safeguard an order backlog with enhanced profitability. Nascent opportunities on the market are only pursued after a comprehensive risk analysis.

Operational excellence

Due to the dynamic evolvement of its markets, PORR maintains a clear focus on operational excellence. Sustainable profitability should be secured by establishing competitive cost and process structures in every division. This is achieved by steadily increasing efficiency, unifying processes, bundling know-how and a streamlined organisational structure with flat hierarchies. In addition to this and alongside the selective choice of new projects, continuous risk analysis is applied to acquisitions and project management in order to guarantee sustainable profitability over the course of the entire project.

Finance strategy

The finance strategy of PORR is geared towards the business portfolio and the maturity structure of the operating business. As a large part of the construction business involves medium and long-term projects and the geographic focus is on Central Europe, the focus of the finance structure also has to reflect this.

The construction and project industry often demand complex business processes which is why the financing strategy attempts to keep the risks of refinancing to a minimum. The financing strategy is thereby focused on the following goals:

- Long-term financing overweighted
- Refinancing major mature liabilities, wherever possible, generally twelve months in advance
- Maintaining sufficient free credit lines to meet any short-term liquidity needs, which can be drawn on for seasonal or project-specific purposes
- Maintaining sufficient lines at finance institutes to cover liability for the operating business
- Diversification of financing instruments and the investor base

Dividend policy

PORR takes a sustainable approach and is committed to continuity in its dividend policy. The policy is based on the performance of the business and earnings in the coming years and should allow shareholders to fairly participate in the company's success.

In the current situation triggered by the COVID-19 pandemic, in a Supervisory Board meeting on 23 April 2020, the Supervisory Board and the Executive Board came to the conclusion that a dividend payout for the 2019 business year is not appropriate. The non-payment of the dividend payout will be proposed to the Annual General Meeting as a precautionary measure in view of the COVID-19 pandemic and as a sign of solidarity towards every PORR stakeholder. This does not mean a change of the continuous dividend policy of PORR, which usually aims at a payout ratio of 30% to 50%, but instead takes into account the historically unique situation of the COVID-19 pandemic.

Leadership in technology

The technological shift in the construction industry is opening up new growth opportunities for PORR. The company has increased its investments in developing software solutions throughout the entire value chain, which ultimately provides value added for every stakeholder. New technologies such as Building Information Modeling (BIM) and Advanced Analytics such as Virtual Reality or methods like LEAN Design and LEAN Construction are enabling new forms of cooperation between companies and everyone involved in the design and construction process.

As a technology trailblazer, PORR applies innovative technologies and methods to realise projects with maximum efficiency and quality. Further developing existing standards and inventing new models are the priority here.

These innovations are bundled in a dedicated hub, evaluated and then pursued together with the right development partners. This not only applies to technologies, but also to processes and methods. This is where PORR sees the future of the industry. All of this contributes to Group-wide connections – of information, data and especially of the people behind it. In order to remain a trailblazer in every area in the future, developments from the hub are taken and applied across the entire Group as quickly as possible.

Sustainability strategy

PORR takes responsibility for the impacts its business activities have on society and has laid out comprehensive criteria and measures in its sustainability strategy. In accordance with the requirements of the Austrian Sustainability and Diversity Improvement Act, PORR publishes a non-financial report pursuant to Section 267a of the Austrian Commercial Code. The company is unaffected by the reporting obligations for non-consolidated accounting in accordance with Section 243b of the Austrian Commercial Code, as it does not meet the required number of employees.

The material topics identified as part of a comprehensive analysis process have been prioritised with the help of a Group-wide stakeholder survey. In order of relevance, the topics are: social standards in the supply chain; energy and emissions; health and safety; ethics and compliance; further education and training; upholding human rights; waste management; material consumption and circular economies; and environmental standards in the supply chain. Other subject areas address aspects such as biodiversity and soils, as well as water as a resource on the one hand and topics like sustainable buildings and structures or science and technology on the other. Diversity and equal opportunities, the well-being of local communities, and the contribution to local economies were also evaluated by stakeholders, albeit with lower relevance. The sustainability targets are reflected in a catalogue of measures specific to every division. This includes energy-efficiency measures related to equipment, fleet and building management and enhanced resource efficiency, through to a focus on local suppliers, a sustainable supplier management system, the occupational safety initiative "Vision Zero" and the implementation of workplace health promotion, protection and promotion of international human rights, as well as compliance training and comprehensive HR development measures.



PORR 2025

The PORR strategy remains unchanged and focused on the long term. The PORR 2025 transformation programme was initiated in 2019 and aims to substantially strengthen PORR as a Group during the ongoing structural shifts in the construction sector. Numerous analyses were conducted and initiatives determined in the year under review in four action fields. All of them are in pursuit of one aim: PORR wants to create sustainable value long-term.

	Markets/Segments	Organisation
STRATEGY	<p>Greater focus PORR remains convinced of the long-term potential of its seven European home markets. The strong growth of recent years has enabled the company to secure a powerful market position in many regions. The goal is to secure and further expand this position in the future.</p>	<p>Greater efficiency Following the growth of recent years and as part of its strategy implementation, PORR initiated a structural realignment in 2019. With uniform standards and processes across the Group, PORR has put in place the framework needed for intelligent and profitable growth.</p>
TARGETS	<ul style="list-style-type: none"> • Portfolio streamlining with the newly launched Heat Map: Increase in profitability by between 0.5% and 0.8% 	<ul style="list-style-type: none"> • Roll-out of the new management model; streamlining the organisation • Digitalisation of processes in the technical and commercial sectors
MEASURES	<p>Heat Map</p> <ul style="list-style-type: none"> • The Heat Map involves analysing the business fields to determine the right position of business areas and optimal allocation of capital and resources. <p>Poland challenging but with high potential</p> <ul style="list-style-type: none"> • The market in Poland continues to be characterised by high costs for construction materials and subcontractors, although signs of stabilisation are currently visible. • New, selectively acquired projects provide a profitable foundation for the coming years in the order backlog. <p>Romania and Slovakia defined as home markets</p> <ul style="list-style-type: none"> • Great potential with a selective approach <p>Norway under analysis</p> <ul style="list-style-type: none"> • In Norway one project made a one-off negative contribution to earnings. Norway is currently under analysis. <p>Exit from UK</p> <ul style="list-style-type: none"> • The focus will be directed to the home markets. <p>Portfolio mix</p> <ul style="list-style-type: none"> • Optimised mix of infrastructure and permanent business 	<p>Streamlining into three Business Units</p> <ul style="list-style-type: none"> • Bundling competencies to enhance efficiency and improve market proximity <p>New management model</p> <ul style="list-style-type: none"> • Improved transparency, reduction in interfaces, stronger network of know-how and capacities • Concept phase completed; implementation to be rolled out in 2020. • The new management model should help to optimise processes in the Shared Service Center (SSC) and cost structures. The SSC will take on the entire expert management of the central functions in the Group in order to guarantee uniform standards and strengthen the regional presence. <p>Bundling competencies in specialist civil engineering</p> <ul style="list-style-type: none"> • Integration of Alpine Bau CZ/Merger of Stump Spezialtiefbau and Franki Grundbau successfully realised

	Operational Analysis	Digital Opportunities
STRATEGY	<p>Enhancing value The changing market backdrop and PORR's strong growth over the past few years have necessitated a review of cost structures at every level.</p>	<p>Realising future potential The need for transformation in the construction sector has led to a massive rise in terms of technology. Digital, connected solutions across the entire construction value chain and new, data-based business models are the main focus here. These open up new dimensions in terms of future potential.</p>
TARGETS	<p>Enhance the performance of the operating business</p> <ul style="list-style-type: none"> • Digitalisation of procurement and efficiency increases: Increase in profitability by between 0.8% and 1.0% <p>Improve capital employed</p> <ul style="list-style-type: none"> • Improve investment intensity (CAPEX approx. 3%¹) • Reduce working capital intensity (6% to 8%) • Continuous reduction of net debt by 2022 <p>Maintain financial position</p> <ul style="list-style-type: none"> • Improve equity ratio in a range of 20% to 25% • Robust maturity structure, secure borrowings in the medium-term • Safeguard access to different forms of financing and maintain appropriate liquidity • Unchanged payout ratio of 30% to 50% 	<ul style="list-style-type: none"> • Harmonise IT processes across the Group • Continue to expand position as technology leader
MEASURES	<p>Material costs and indirect costs</p> <ul style="list-style-type: none"> • Analysis of cost structures • First measures are being implemented <p>Procurement</p> <ul style="list-style-type: none"> • Simplifying processes and promoting the use of purchasing platforms should optimise contracted volumes in the future; these account for a significant share of total costs. <p>Non-core activities</p> <ul style="list-style-type: none"> • Evaluating non-core activities; focus remains on core competencies in construction 	<p>BIM-based solutions with LEAN Design and LEAN Construction</p> <ul style="list-style-type: none"> • Trailblazer on the path to a paperless construction site <p>Machine-to-machine communication in real time</p> <ul style="list-style-type: none"> • Processes and workflows in fleet and equipment management are becoming more transparent, while costs and resources are being optimised at the same time. <p>Group-wide harmonisation of IT processes a priority</p> <ul style="list-style-type: none"> • Reinforcement of cybersecurity • SAP S/4 HANA as the latest SAP software and thereby as the basis for optimising business processes

¹ CAPEX intensity before applying IFRS 16.

PORR on the Stock Exchange

Global stock exchanges climb

The performance of the international stock markets in 2019 was characterised by diminishing economic data and geopolitical tensions. Following a recovery at the start of the year, the trade conflict between the USA and China put pressure on the capital markets worldwide. In addition, the Brexit debate and ongoing economic concerns affected the trading environment. In summer, the US central bank, the Federal Reserve (Fed), announced several steps to cut interest rates. At almost the same time the European Central Bank (ECB) reignited its bond-buying programme and implemented a slight cut in the key interest rates. These measures led share prices to stabilise in late summer. The positive momentum was supported around the end of the year by a first rapprochement in the trade conflict as well as an agreement regarding Brexit. Looking at the full year, the international stock markets mostly closed with price gains.

Despite the uncertainty surrounding the smouldering trade conflict between the USA and China, the performance of the Dow Jones Industrial Average, the leading American index, was positive throughout. This was aided by the cuts in interest rates by the Fed. It closed up by a significant 22.3% against the end of the previous year. The leading index of European stocks, the EURO STOXX 50, saw even sharper growth, rising by 24.8% over the course of the year. Here the first agreement between Great Britain and the EU regarding Brexit contributed to the improved performance. The leading German index, the DAX, also benefited from the political backdrop. Despite a fluctuating German economy in the second quarter, it achieved a notable increase against the previous year with a plus of 25.5%. There was a similar, albeit sometimes more volatile, picture on the Eastern European markets. Here the MSCI Emerging Markets Eastern Europe index grew by 26.1% for the full year.

Austria's leading index, the ATX, lagged behind the growth of its international peers in 2019. While its performance in the first quarter was similar to that of the global stage, the uncertain domestic political situation led to significant losses in the second quarter. In the second half of the year, the movements of the leading Austrian index were once

again parallel to the overall market. In 2019 the ATX closed up by 16.1% against year-end 2018. As of 31 December 2019, the market capitalisation of the Austrian prime market of the Vienna Stock Exchange stood at EUR 105.6 bn.

PORR share price declines

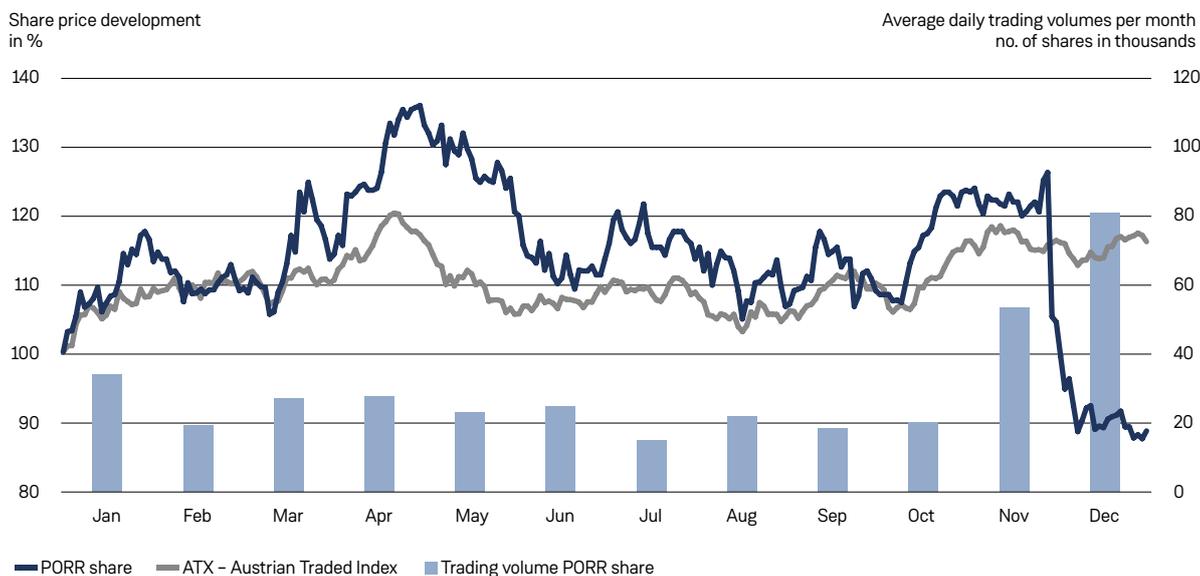
The PORR share has been listed on the Vienna Stock Exchange since 8 April 1869, making PORR the oldest listed company in Austria. Since 22 December 2014 the share has been listed on the prime market of the Vienna Stock Exchange, the exchange's top segment.

The year 2019 began well for the PORR share. Starting out at EUR 17.44, the closing price from year-end 2018, a clear upwards trend was observed already in January. After briefly levelling off, the share climbed significantly heading into the month of April. Braced by the publication of the figures for the 2018 business year, the share price reached its year-high of EUR 23.70 on 30 April 2019. After this, the PORR share was no longer able to withstand the pressure of the national and international market environment. It recorded decreases, nonetheless staying above the overall market level. In June this then turned into a volatile lateral movement. More positive momentum took hold at the start of October, whereby the share once again managed to pull away from the market.

2019 was characterised by a tough market environment for the entire construction industry and therefore also for PORR. The revaluation of a project in Norway as well as the market situation in Poland in the fourth quarter was reflected in amended earnings guidance for the business year 2019. This led to a significant decrease in the PORR share at the end of November. It reached its year-low of EUR 15.24 on 27 December 2019. With a year-end closing price of EUR 15.44, the performance for the year did improve slightly although the share declined overall by 11.5% against year-end 2018.

The average daily trading volume of the PORR share stood at 29,698 in 2019. As of 31 December 2019, the PORR market capitalisation was EUR 449.2m.

Share price and trading volumes of the PORR share 2019 (index)



PORR share - stock market indicators

		2019	2018
Price as of 31 December	EUR	15.44	17.44
Year high	EUR	23.70	34.50
Year low	EUR	15.24	17.28
Earnings per share ¹	EUR	0.50	1.88
Dividends per share	EUR	0.00 ²	1.10
Dividend yield	%	0.00 ²	6.31
Payout ratio	%	0.00 ²	47.99
Market capitalisation as of 31 December	EUR m	449.2	507.4
Price-earnings ratio ¹		30.88	9.28
Number of shares in issue as of 31 December	No.	29,095,000	29,095,000

¹ From the 2019 fiscal year, the interest due on hybrid capital or profit-participation rights is directly allocated to the holders of hybrid capital or profit-participation rights. This leads to a corresponding reduction in the earnings attributable to shareholders and thereby also in the earnings per share. The comparative figures have been adjusted retrospectively.

² Proposal to the Annual General Meeting based on the joint decision of the Executive Board and Supervisory Board in the Supervisory Board meeting held on 23.04.2020.

Dividends

In the current situation triggered by the COVID-19 pandemic, in a Supervisory Board meeting on 23 April 2020, the Supervisory Board and the Executive Board came to the conclusion that a dividend payout for the 2019 business year is not appropriate. The non-payment of the dividend payout will be proposed to the Annual General Meeting as a precautionary measure in view of the COVID-19 pandemic and as a sign of solidarity towards every PORR stakeholder. This does not mean a change of the continuous dividend policy of PORR, which usually aims at a payout ratio of 30% to 50%, but instead takes into account the historically unique situation of the COVID-19 pandemic.

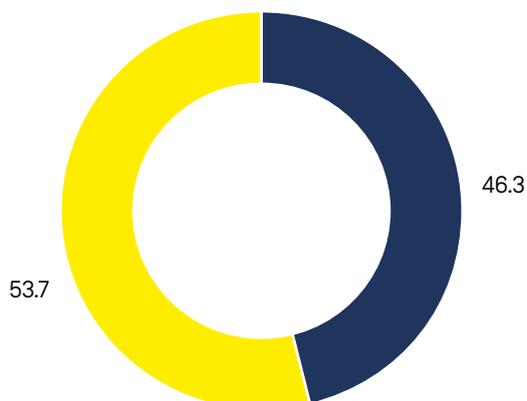
Analyst coverage

The PORR share is currently analysed by five brokers, which issued the following recommendations:

SRC Research	Buy
Kepler Cheuvreux	Hold
Hauck & Aufhäuser	Hold
Raiffeisen Centrobank	Hold
ERSTE Group	Under review

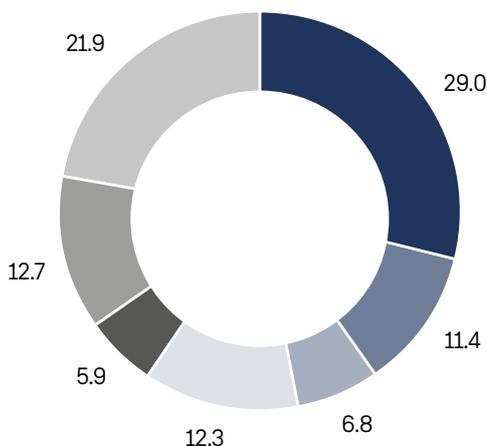
Intensive work is underway to further expand analyst coverage in 2020.

Shareholder structure (in %)



- Syndicate (Strauss Group, IGO Industries Group)
- Free float (of which 5.85% Heitkamp Construction GmbH, 4.97% Wellington Management Group LLP and 3.36% PORR Management and treasury shares PORR AG)

Geographic split of free float (in %)¹



- Austria
- Germany
- France
- Great Britain
- Central and Northern Europe²
- USA
- Not directly assignable

¹ Including PORR management and PORR AG treasury shares

² Excluding Austria, Germany, France and Great Britain

International investor base

The syndicate (Strauss Group, IGO Industries Group) holds the majority of shares outstanding, totalling 53.7%. The most recent analysis from January 2020 shows that the free float of 46.3% is primarily split among Austria (29.0%), the USA (12.7%) and Great Britain (12.3%). In addition, investors from Germany held 11.4% and investors from France 6.8% of the free-float shares. Central and Northern Europe account for 5.9% of the free float, while 21.9% is not directly assignable.

In 2019 the investor relations team together with the Executive Board took part in numerous capital market conferences and roadshows in Europe's key financial centres. In more than 100 meetings, PORR met with over 190 investors and financial analysts and engaged in comprehensive one-on-one and group talks. Central topics of communication included the strategy and the current challenges facing the European construction industry. Private investors were able to get information in person and engage in dialogue with the Executive Board at the Annual General Meeting in May and at the GEWINN-Messe in October – an annual fair for private investors in Vienna.

Investor Relations

The objective of investor relations is a timely and transparent information policy, allowing every stakeholder on the capital market to make a proper assessment of the PORR share. Continuous, open and credible dialogue with every capital market participant is the most important instrument here. This should strengthen confidence in the share as both an attractive growth stock and as a reliable dividend-bearing security among analysts as well as institutional and private investors.

Furthermore, PORR gave detailed reports on its business performance as part of its quarterly reporting and organised telephone conferences for analysts, investors and banks in addition to holding press conferences. All relevant information, such as the latest financial reports and presentations along with the financial calendar, is available at www.porr-group.com. There you can also find information on the PORR share updated daily, along with all corporate information and details on bonds and corporate governance. Investors can sign up for the PORR Newsletter by contacting IR@porr-group.com.

Corporate Governance

PORR views corporate governance as a key concept for responsible and transparent company management and the comprehensive auditing that accompanies this. The Executive Board and Supervisory Board work closely together in the interests of the company and its staff and continuously approve the strategic direction of the PORR Group. Constant dialogue with all relevant interest groups builds trust, also in corporate activities, and provides the basis for sustainable corporate growth in the future.

In December 2014 the PORR Group made a joint formal declaration by the Executive Board and the Supervisory Board committing itself to the observance of the Austrian Code of Corporate Governance. A central concern for PORR is continuously implementing the standards of responsible and sustainable corporate management.

With reference to the deviations listed below in the comply-or-explain catalogue, PORR is committed to compliance with the rules of the Austrian Code of Corporate Governance and sees this as a key precondition for responsible corporate management.

In accordance with Rule 62 of the Austrian Code of Corporate Governance, an external evaluation of adherence to the C Rules is conducted at regular intervals. BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft was hired to conduct the assessment for the 2018 business year and confirmed PORR's adherence to the C Rules in its report of 4 February 2019.

In accordance with Rule 36 of the Austrian Code of Corporate Governance, in 2019 the Supervisory Board once again conducted a self-evaluation in the form of a survey which primarily addressed the efficiency of the Supervisory Board, its organisation and its working practices. The findings were then evaluated and discussed by the Supervisory Board.

Comply-or-explain catalogue

Rules 27/30: A core issue for PORR is to ensure that Executive Board remuneration is objectively as measurable

and transparent as possible. The Executive Board remuneration contains fixed and variable components which conform to the directives of Rule 27 to the greatest possible extent. The variable component is based on parameters including personal performance, personal dedication, PORR's economic situation and the respective sphere of responsibility, as well as non-financial parameters. The non-financial parameters primarily relate to implementing steps for the further development of PORR's sustainable profitability, which are, however, difficult to subject to objective measurement. On the basis of the legal provisions (EU) 2017/828 directive (Second Shareholder Rights Directive) and the Austrian Stock Corporation Act, in future PORR will comply with the specifications related to disclosure of a remuneration policy and a report on remuneration for the Supervisory Board and Executive Board. In the 2020 AGM, the remuneration policy produced by the Supervisory Board shall be put to a vote in accordance with the Second Shareholder Rights Directive.

Rule 38: The PORR Supervisory Board has produced a job profile to be applied when appointing Executive Board members. Furthermore, the Supervisory Board sees an internal replacement as a result of consistent professional employee development. Josef Pein was appointed to the Executive Board on 19 September 2019, effective 1 January 2020. He has held various management positions in the PORR Group since the 1980s. Josef Pein fully meets the requirements for the position of Executive Board member through his career, the specialised projects acquired and completed, as well as his strategic competencies in Business Unit 1. He was thus in line with the job profile produced by the nomination committee of the Supervisory Board.

Rule 49: The conclusion of contracts with members of the Supervisory Board in which such members are committed to the performance of a service outside of their activities on the Supervisory Board for the company or a subsidiary for remuneration not of minor value is subject to approval by the Supervisory Board in line with the law. The company will, however, refrain from publishing these details due to related operational and business confidentiality issues. In any case, the notes to the

consolidated financial statements show PORR disclosures on “related party transactions”, which detail the remuneration for services of members of the Supervisory Board outside of their activities on the Supervisory Board.

The latest version of the “Austrian Code of Corporate Governance” as laid out by the Austrian Working Group for Corporate Governance is available on the website of the Austrian Working Group at www.corporate-governance.at. The website also includes an English translation of the Code and the interpretations developed by the working group. Furthermore, the latest Corporate Governance Code is available on the PORR homepage at www.porr-group.com/CG-Kodex.

The Company Executive Board

The Executive Board consists of between two and six people appointed by the Supervisory Board. The Supervisory Board also has the right to appoint deputies to the Executive Board. The Executive Board currently consists of four members. The Supervisory Board can name a member of the Executive Board as Chairman and name one member as the Deputy Chairman.

The members of the Executive Board are appointed by the Supervisory Board for a maximum term of five years. The renewed appointment is permitted also for a maximum of five years. The Supervisory Board can dismiss a member of the Executive Board before the end of their term in office if there is an important reason to do so, for example if there is a serious breach of duty or if the Annual General Meeting passes a vote of no confidence in the Executive Board member.

The Executive Board must conduct its business in line with the specifications of the Austrian Stock Corporation Act, the statutes, other laws and the rules of procedure. The Executive Board must report regularly to the Supervisory Board on its activities. The Supervisory Board rules on the division of responsibilities in the Executive Board in line with maintaining the overall responsibility

of the Executive Board as a whole. The Executive Board requires Supervisory Board approval in order to undertake any business dealings specified in the relevant version of Section 95 Paragraph 5 Stock Corporation Act. In as far as legally permitted by Section 95 Paragraph 5 Stock Corporation Act, the Supervisory Board lays down limits on amounts up to which its approval is not required. Furthermore, the Supervisory Board is entitled to determine the types of business which require its approval in addition to the legally stipulated cases (Section 95 Paragraph 5 Stock Corporation Act). The Supervisory Board has issued appropriate rules of procedure for the Executive Board.

The Executive Board passes resolutions by simple majority of the votes cast. If an Executive Board member has been appointed as Chairman of the Executive Board, they have a casting vote in the case of a tie.

The Executive Board members must fulfil their responsibilities as their main employment and manage the company’s business with the care of a proper and conscientious manager. They must manage the business in a way which satisfies the interests of the shareholders, the staff members and the public interest. The Executive Board members may not take on any other employment without the approval of the Supervisory Board and may not take on an executive function in any companies which are not within the consolidated group.

The company is represented by two Executive Board members or by one Executive Board member together with a proxy holder. With legal restrictions, the company can also be represented by two proxy holders. Any Deputy Executive Board members are considered equal to regular Executive Board members with regard to rights of representation.

The following table shows the Executive Board members, their date of birth, their position, the date of their first appointment as well as the probable end of their time in office. In 2019 the following people sat on the Executive Board:

The Executive Board

Name	Date of birth	Position and responsibilities	Member	Appointed until
Karl-Heinz Strauss	27.11.1960	Chairman of the Executive Board and CEO	13.09.2010	31.12.2024
Andreas Sauer	31.10.1968	Executive Board member and CFO	01.02.2018	31.01.2024
Thomas Stiegler	25.08.1965	Executive Board member and COO	06.12.2018	05.12.2021
Josef Pein	07.10.1958	Executive Board member and COO	01.01.2020	31.12.2024
J. Johannes Wenkenbach	26.02.1957	Executive Board member and COO	01.02.2012	31.01.2020 ¹

¹ Date of leaving the Board

Ing. Karl-Heinz Strauss, MBA, FRICS, was born on 27 November 1960 in Klagenfurt, Austria. After graduating from the technical college of civil engineering, he completed international study programmes at Harvard, St. Gallen and Fontainebleau. He received his MBA from IMADEC. From 1980 to 1984 he worked as an independent entrepreneur in the civil engineering sector. In 1987 he started his career at Raiffeisen Zentralbank Österreich Aktiengesellschaft (RZB) in the corporate customers sector. From 1992 he worked in various positions as a Managing Director and member of the Supervisory Board in various RZB real estate companies and was head of Concorde Projektentwicklungsgesellschaft m.b.H., which he played a large role in founding and building up. In 1994 he was appointed to the Executive Board of Raiffeisen Wohnbaubank AG. In 2000 he took over the management of STRAUSS & PARTNER IMMOBILIEN GmbH.

Karl-Heinz Strauss has been Chairman of the Executive Board and CEO of PORR AG since 13 September 2010. As of 31 December 2019 he was responsible on the Executive Board for Risk Management & Compliance, Business Unit 1 – Austria, Switzerland including Environmental Engineering and PORR Beteiligungen und Management GmbH, along with Internal Audit, Group Communications & Marketing, Investor Relations & Strategy, Legal Affairs, Human Resources, Quality Management, Group M&A, Integrations, and PORR Design & Engineering.

Dipl.-Kfm. Andreas Sauer was born on 31 October 1968 in Heidelberg, Germany, and studied Economics and Business Administration at the University of Mannheim, graduating in 1995. In 2015 Andreas Sauer successfully completed an Executive Management Programme at London Business School. He started his career at Deutsche Bahn where he worked in freight transport and later for the Group's logistics provider Schenker. His professional journey then took him to Infineon as Head of Controlling. In 2011 he moved to Nokia Siemens and played a key part in the Nokia's strategic realignment. Most recently Andreas Sauer was the CFO of the operating business for Nokia Mobile Networks.

Since 1 February 2018 Andreas Sauer has been a regular Executive Board member and CFO of PORR AG. As of 31 December 2019, he was responsible on the PORR Executive Board for Risk Management & Compliance, Finance Management, Operating Units, Group Management, Accounting, Controlling/ICS, Group Treasury, Taxes, Digital Unit, Purchasing and Group Insurance.

Dipl.-Bw (FH) Thomas Stiegler, born on 25 August 1965 in Karlsruhe, Germany, worked for KPMG after completing

his studies in business administration before starting his international career at Bilfinger SE in 1993. Until 2010 he held various management positions in the international construction business in Asia, Europe, the MENA region and North America. In 2010 he took over as Head of Business Unit 3 – International at PORR Bau GmbH. In addition to the GCC region, he is responsible for the Group's activities in Eastern Europe and the Northern European countries.

Since 6 December 2018 Thomas Stiegler has been a regular Executive Board member and COO of PORR AG. As of 31 December 2019, he was responsible on the PORR Executive Board for Risk Management & Compliance, and Business Unit 3 – International.

Dipl.-Ing. J. Johannes Wenkenbach was born on 26 February 1957 in The Hague, Netherlands. He began his career at the Dutch construction company Ballast Nedam Groep after graduating from Delft University of Technology. During his career at various international construction companies, such as Strukton Groep NV and the Royal BAM Group subsidiary, Wayss & Freitag Ingenieurbau AG, he fulfilled various roles on Executive Boards and was able to extend his international expertise in the operating construction business. J. Johannes Wenkenbach has many years of experience in civil engineering, project planning, project management and in project financing. In terms of geography, his experience is focused on the Middle East, South East Asia and Germany.

J. Johannes Wenkenbach was appointed as a regular Executive Board member and COO of PORR AG on 1 February 2012. As of 31 December 2019, he was responsible on the PORR Executive Board for Risk Management & Compliance, Business Unit 2 – Germany, as Occupational Health & Safety, Innovation & Knowledge Management and PORR Equipment Services GmbH. Upon expiry of his Executive Board mandate, J. Johannes Wenkenbach retired as planned, effective 31 January 2020.

On 19 September 2019, the Supervisory Board voted unanimously to appoint Ing. Josef Pein as a member of the Executive Board.

Ing. Josef Pein was born on 7 October 1958 in Altneudörf, Austria. After graduating from the secondary technical school for construction and civil engineering in Graz, he worked in different companies as a technician and area manager and qualified as a master builder in 1994. He has held various management positions in the PORR Group since 1987. In 2011 Josef Pein was appointed to member of the management board of PORR Bau GmbH.

Since 1 January 2020 Josef Pein has been a regular Executive Board member and COO of PORR AG. On the Executive Board he is responsible for Business Unit 1 and for Risk Management & Compliance, Internal Audit, Health & Safety and PORR Design & Engineering.

The members of the company's Executive Board each fulfil the following additional functions on Supervisory Boards or comparable positions in (non-consolidated) domestic and foreign companies:

Supervisory board mandates or comparable functions of Executive Board members in external companies as of 31 December 2019

Executive Board member	Company	Position
Karl-Heinz Strauss	DATAX HandelsgmbH	Supervisory Board member
	KAPSCH Group Beteiligungs GmbH	Supervisory Board member
	Kapsch Aktiengesellschaft	Supervisory Board member
	UBM Development AG ¹	Chairman of the Supervisory Board
Josef Pein	CCG Nord Projektentwicklung GmbH ²	Supervisory Board member

¹ Listed on the stock exchange

² Josef Pein resigned from this position on 24.02.2020.

The Executive Board members of the parent company also realise management and supervisory functions in companies included in the consolidated financial statements.

Executive and non-executive functions of Executive Board members of companies included in the consolidated financial statements as of 31 December 2019

Executive Board member	Company	Position
Karl-Heinz Strauss	PORR AG ¹	Chairman of the Executive Board
	PORR Bau GmbH	Chairman of the Supervisory Board
	PORR Bauindustrie GmbH	Managing Director
	PORR Construction Holding GmbH	Chairman of the Supervisory Board
	PORR GmbH & Co. KGaA	Chairman of the Supervisory Board
J. Johannes Wenkenbach ²	PORR SUISE AG	President of the Administrative Board
	PORR AG ¹	Executive Board member
	PORR S.A.	Supervisory Board member
	PORR Management GmbH	Managing Director
Andreas Sauer	PORR Oevermann GmbH	Chairman of the Supervisory Board
	PORR AG ¹	Executive Board member
	PORR Bauindustrie GmbH	Managing Director
	PORR Bau GmbH	Deputy Chairman of the Supervisory Board
	PORR Construction Holding GmbH	Deputy Chairman of the Supervisory Board
Thomas Stiegler	PORR GmbH & Co. KGaA	Supervisory Board member
	PORR S.A.	Supervisory Board member
	PORR AG ¹	Executive Board member
	PORR Bau GmbH	Supervisory Board member
	PORR GmbH & Co. KGaA	Supervisory Board member
Josef Pein	PORR S.A.	Chairman of the Supervisory Board
	PORR a.s.	Supervisory Board member
	Porr Construction LLC under liquidation	Managing Director
	PORR AG ^{1,3}	Executive Board member
	PORR GmbH & Co. KGaA	Supervisory Board member
TEERAG-ASDAG GmbH ⁴	PORR Bau GmbH ⁴	Managing Director
	TEERAG-ASDAG Bau GmbH ⁴	Managing Director

¹ Listed on the stock exchange

² J. Johannes Wenkenbach retired as of 31.01.2020.

³ Josef Pein has been an Executive Board member since 01.01.2020 and was an authorised signatory until 31.12.2019.

⁴ Josef Pein stepped down from the Management Board effective 31.12.2019; since March 2020 he has been a member of the Supervisory Board of PORR Bau GmbH.

The Company's Supervisory Board

The Supervisory Board is composed of at least three and not more than twelve members appointed by the Annual General Meeting (AGM). In line with Section 110 Paragraph 1 of the Labour Constitutional Act, certain members are also appointed by the Works Council. As of 31 December 2019, the company's Supervisory Board consisted of eight members appointed by the AGM and four further members appointed by the Works Council. As long as the AGM has not specified a shorter term when appointing one or all members, the Supervisory Board members are appointed until the end of the AGM that rules on the approval of the Supervisory Board for the fourth business year after the initial election; the business year in which the Supervisory Board member was appointed does not count towards this four-year term. The reappointment of a Supervisory Board member – also an outgoing member – is permitted.

The appointment of a member of the Supervisory Board can be rescinded before the end of their time in office by AGM resolution. The resolution requires a simple majority of votes cast. Every member of the Supervisory Board can resign from their position following a 21-day notice period upon a written declaration to the Chairman of the Supervisory Board, without stating an important reason. The Chairman of the Supervisory Board, or their Deputy in the case of their resignation, can decide to shorten the notice period.

Should certain members leave the Board before the end of their term in office, a vote to replace them is not required until the next AGM. However, a replacement vote is required at an extraordinary general meeting, to be held within six weeks, if the number of Supervisory Board members falls below three. Members appointed as a replacement only serve for the remainder of the term which the previous member would have served, unless otherwise determined by the AGM at the time of the appointment.

A replacement member can be appointed at the same time as the appointment of a Supervisory Board member, in which case the replacement member would take up their seat on the Supervisory Board effective immediately if the Supervisory Board member steps down before the end of their time in office. If multiple replacement members are appointed, the order in which they are to replace a Supervisory Board member who steps down must be determined. A replacement member can also be appointed as a replacement for multiple Supervisory Board members, so that they take a seat on the Supervisory Board if any one of these members steps down prematurely.

The term of office of a replacement member who joins the Supervisory Board is terminated as soon as a successor to the former Supervisory Board member has been appointed, or at the latest when the remainder of the former Supervisory Board member's time in office comes to an end. Should the term of office of a replacement member who joins the Supervisory Board be terminated because a successor to the former Supervisory Board member has been appointed, the replacement member still serves as a replacement for the additional Supervisory Board members they have been chosen to represent.

In a meeting held once a year following the AGM, which does not require any special invitation, the Supervisory Board elects a Chairman and one or more Deputies from among its members. If two Deputies are appointed, then the order in which they are to take up the post shall be determined. The term in office runs until the end of the next AGM. If the Chairman or one of the elected Deputies withdraws from their post, the Supervisory Board must appoint a replacement for the rest of the term in office, whereby re-election is permitted.

Should no candidate win a simple majority vote, then a runoff election is held between the people who have received the most votes. Should the runoff election result in a tie, lots shall be drawn to decide the election. If the Chairman or one of the elected Deputies withdraws from their post, the Supervisory Board must immediately hold a new election to appoint a successor. The Chairman and the Deputies can resign their post at any time following a 14-day notice period upon a written declaration to the Supervisory Board; this does not require them to step down from the Supervisory Board at the same time.

Every Deputy Chairman has the same rights and responsibilities as the Chairman when they are standing in for him. This also applies to holding a casting vote in elections and passing resolutions. Should the Chairman and his Deputies be prevented from realising their obligations, this obligation passes to the oldest Supervisory Board member (in terms of age) for the duration of the incapacity. Declarations of intent by the Supervisory Board and its committees shall be submitted to the Chairman of the Supervisory Board, or to their Deputy should they be incapacitated.

In line with its legal responsibilities and those arising from the statutes, the Supervisory Board produces rules of procedure. Resolutions of the Supervisory Board on its rules of procedure require a simple majority of the members appointed by the AGM in addition to the general requirements on resolutions.

The Supervisory Board can form committees made up of its members. Their responsibilities and powers as well as their general rules of procedure are specified by the Supervisory Board. The committees can also take on the authority to make decisions. The committees can be convened long-term or for individual tasks. The Employee Representatives on the Supervisory Board have the right to nominate members with voting rights to the committees in the ratio specified by Section 110 Paragraph 1 of the Labour Constitutional Act. This does not apply to meetings and votes which relate to relationships between the company and the Executive Board members, except resolutions on the appointment or revocation of an Executive Board member as well as resolutions granting options in company shares.

The Supervisory Board passes resolutions in its regular meetings. The Supervisory Board shall hold meetings as often as the interests of the company require, at least once per quarter. In 2019 the Supervisory Board held five regular Supervisory Board meetings. The Chairman determines the form of the meeting, the way in which resolutions may be passed outside of meetings and the method of counting votes. The Executive Board members attend all meetings of the Supervisory Board and its committees, as long as the Chairman of the meeting does not determine otherwise.

A Supervisory Board member can nominate another member in writing to represent them at a meeting. A member represented in this way shall not be included in the count determining if the meeting is quorate. The right to chair the meeting cannot be deputised. A Supervisory Board member who is unable to attend a meeting of the Supervisory Board or its committees is entitled to submit their written vote on individual agenda items via another member of the respective Board or committee.

The Supervisory Board is quorate when all members of the Supervisory Board have been properly invited to attend and when at least three Supervisory Board members, including one Chairman or Deputy, participate in the resolution. A topic of negotiation which is not on the agenda can only be ruled on by the Supervisory Board if all Supervisory Board members are present or represented and no member participating in the resolution objects.

Resolutions are passed by simple majority of votes cast. Abstentions are not counted as votes cast. In the case

of a tie – also in elections – the Chairman has the casting vote. Every Deputy Chairman acting in the capacity of the Chairman's representative has a casting vote in resolutions and elections; this also applies to committee chairmen.

The Chairman can also decide that the votes of individual members not in attendance can be cast in written, oral or comparable form (especially fax, email) for resolutions of the Supervisory Board or its committees. Resolutions can also be passed by votes cast in written form (fax, email), without the Supervisory Board coming together for a meeting in cases where the Chairman (or their Deputy if they are incapacitated) so rules; this is conditional on no Supervisory Board member explicitly objecting to this procedure in written form (fax, email) within a period of three working days. Representation by another Supervisory Board member is not permitted when votes are cast in written form. A resolution is considered binding when all Supervisory Board members have been asked for their vote in written form (fax, email) and at least three members, including the Chairman or Deputy, have submitted their votes within a period of seven working days.

Resolutions can also be passed by votes cast in the form of a teleconference, internet conference or video conference, without the Supervisory Board coming together in a meeting in cases where the Chairman (or their Deputy if they are incapacitated) so rules; this is conditional on no Supervisory Board member explicitly objecting to this procedure in written form (fax, email) within a period of three working days. Representation by another Supervisory Board member is not permitted. A resolution is considered binding when all Supervisory Board members have been invited to the conference in written form (fax, email) and at least three members, including the Chairman or Deputy, have submitted their votes at the conference.

Under the conditions defined in the statutes, meetings of the Supervisory Board can also be held using electronic communication, without the physical attendance of Supervisory Board members at a meeting in a single venue. The Chairman can make use of the option to hold a video conference instead of a physical meeting of all members at one location, in particular when the urgency of convening a meeting, the frequency of meetings or the absence of Supervisory Board members from the location suggest this would be in the interests of the company.

Composition of the Supervisory Board

The following table shows the current members of the Supervisory Board in 2019, their date of birth, their position, the date of their first appointment to the Supervisory Board as well as the probable end of their time in office.

The Supervisory Board

Name	Date of birth	Position and responsibilities	Member	Appointed until
Karl Pistotnik ²	12.08.1944	Chairman of the Supervisory Board	06.12.2012	AGM 2021 ¹
Klaus Ortner	26.06.1944	Deputy Chairman of the Supervisory Board	30.07.1998	AGM 2021 ¹
Robert Grüneis ^{2,3}	22.05.1968	Member	22.05.2014	AGM 2021 ¹
Walter Knirsch ^{2,3}	08.02.1945	Member	06.12.2012	AGM 2021 ¹
Iris Ortner	31.08.1974	Member	27.05.2010	AGM 2021 ¹
Bernhard Vanas ²	10.07.1954	Member	06.12.2012	AGM 2021 ¹
Susanne Weiss ^{2,3}	15.04.1961	Member	06.12.2012	AGM 2021 ¹
Thomas Winischhofer	26.05.1970	Member	29.05.2008	AGM 2021 ¹
Gottfried Hatzenbichler ⁴	17.12.1971	Member	26.06.2017	n/a
Michael Kaincz ⁴	31.01.1960	Member	09.06.2011	n/a
Wolfgang Ringhofer ⁴	15.02.1971	Member	26.06.2017	n/a
Michael Tomitz ⁴	04.01.1961	Member	09.06.2011	n/a

¹ The Supervisory Board members are appointed by the Annual General Meeting until the end of the Annual General Meeting which will rule on the fiscal year 2020.

² Has declared him/herself independent in line with C Rule 53 of the Austrian Code of Corporate Governance

³ Is not a shareholder with an interest of more than 10% or representing the interests of any such investor in line with C Rule 54 of the Austrian Code of Corporate Governance

⁴ Appointed by the Works Council

The members of the company's Supervisory Board each fulfil the following additional functions on Supervisory Boards or comparable positions in (non-consolidated) domestic and foreign companies:

Supervisory Board mandates or comparable functions of Supervisory Board members as of 31 December 2019

Name	Company	Position
Karl Pistotnik	SDN Beteiligungs GmbH	Chairman of the Supervisory Board
Klaus Ortner	ELIN GmbH	Chairman of the Supervisory Board
	UBM Development AG ¹	Supervisory Board member
Robert Grüneis	Philips Austria GmbH	Supervisory Board member
	Energie Burgenland AG	Supervisory Board member
Walter Knirsch	Finanzmarktaufsicht (FMA) ²	Supervisory Board member
	TKT Engineering Sp. z o.o. (Polen)	Deputy Supervisory Board member
Iris Ortner	ELIN GmbH	Chairman of the Supervisory Board
	UBM Development AG ¹	Deputy Supervisory Board member
	Österreichische Beteiligungs AG	Supervisory Board member
	SDN Beteiligungs GmbH	Supervisory Board member
	UBM Development AG ¹	Supervisory Board member
Bernhard Vanas	Bankhaus Denzel Aktiengesellschaft	Deputy Supervisory Board member
	Wolfgang Denzel Aktiengesellschaft	Deputy Supervisory Board member
	Wolfgang Denzel Auto AG	Deputy Supervisory Board member
	Wolfgang Denzel Holding Aktiengesellschaft	Supervisory Board member
	Wacker Chemie AG ¹	Supervisory Board member
Susanne Weiss	ROFA AG	Chairman of the Supervisory Board
	UBM Development AG ¹	Supervisory Board member
Thomas Winischhofer	TKT Engineering Sp. z o.o. (Polen)	Supervisory Board member

¹ Listed on the stock exchange

² Co-opted

Criteria for independence

C Rule 53 of the Austrian Code of Corporate Governance specifies that the majority of the members of the Supervisory Board elected by the Annual General Meeting or appointed by shareholders in line with the statutes shall be independent of the company and its Executive Board. A Supervisory Board member shall be considered independent if they do not have any business or personal relationship with the company or its Executive Board which constitutes a material conflict of interests and could therefore influence the behaviour of the member. The following criteria serve to define the independence of a Supervisory Board member:

- In the past five years the Supervisory Board member shall not have served on the Executive Board or as a management-level employee of the company or one of its subsidiaries.
- In the past year the Supervisory Board member shall not maintain or have maintained any business relations with the company or one of its subsidiaries to an extent which is significant for the member of the Supervisory Board. This shall also apply to relationships with companies in which a member of the Supervisory Board has considerable economic interest, although this does not apply to exercising functions in bodies of the Group. The approval of individual transactions by the Supervisory Board pursuant to L Rule 48 does not automatically mean the person is classified as not independent.
- In the past three years the Supervisory Board member shall not have been an auditor of the company or been a shareholder or employee of the audit company which audited the company.
- The Supervisory Board member shall not serve on the Executive Board of a different company in which an Executive Board member of the company serves on the Supervisory Board.
- The Supervisory Board member may not remain on the Supervisory Board for more than 15 years. This shall not apply to Supervisory Board members who are shareholders with a direct investment in the company or who represent the interests of such a shareholder.
- The Supervisory Board member shall not be a close family member (direct offspring, spouse, life partner, parent, uncle, aunt, sibling, niece, nephew) of a member of the company's Executive Board, or of a person to whom any of the aforementioned items apply.

In accordance with these criteria, the Supervisory Board members Robert Grüneis, Walter Knirsch, Karl Pistotnik, Bernhard Vanas and Susanne Weiss have declared themselves to be independent. The Supervisory Board members Iris Ortner, Klaus Ortner and Thomas Winischhofer have not submitted a declaration.

C Rule 54 of the Austrian Code of Corporate Governance specifies that companies in which free float accounts for more than 20% of shares must have at least one independent member as defined by C Rule 53 on the Supervisory Board, as elected by the general meeting or appointed under the statutes, who does not hold more than 10% of shares or represent the interests of such a shareholder. The Supervisory Board members Robert Grüneis, Walter Knirsch and Susanne Weiss have declared that they meet these criteria.

Supervisory Board committees

In the business year 2019 the following committees were formed by the Supervisory Board in order to support and deal efficiently with complex issues:

Audit committee

The audit committee was composed of the following Supervisory Board members in 2019:

- Karl Pistotnik (Chair)
- Klaus Ortner
- Bernhard Vanas (financial expert as defined in Section 92 Paragraph 4a Stock Corporation Act)
- Thomas Winischhofer
- Gottfried Hatzenbichler (from 29.05.2019)
- Michael Kaincz (until 29.05.2019)
- Michael Tomitz

The responsibilities of the audit committee include (i) monitoring the financial reporting process as well as issuing recommendations or suggestions to ensure its reliability; (ii) monitoring the effectiveness of the internal control system, the internal audit system, where appropriate, and the Group's risk management system; (iii) monitoring the auditing of the individual and consolidated financial statements under consideration of the findings and conclusions in the reports published by the Regulatory Authority on Auditors in accordance with Section 4 Paragraph 2 Line 12 of the Supervision of Auditors Act (APAG); (iv) assessing and monitoring the independence of the chartered auditors, in particular as regards any additional services they may have provided to the company, whereby Article 5 of EU Regulation No. 537/2014 and Section 271a Paragraph 6 of the Austrian Commercial Code apply; (v) producing the report on the results of the audit to the Supervisory Board and a statement on how the audit has contributed to the reliability of financial reporting and the role of the audit committee; (vi) assessing the annual financial statements and preparing for their approval, assessing the proposal for appropriation of profits, the Management Report and the

Corporate Governance Report, as well as reporting on the audit findings to the Supervisory Board; (vii) assessing the consolidated financial statements and the Group Management Report, the consolidated Corporate Governance Report, as well as reporting back to the Supervisory Board of the parent on the audit findings; and (viii) preparing the Supervisory Board's recommendation on carrying out the process for selecting the Group auditor under consideration of the appropriateness of their fee and preparing the Supervisory Board's recommendation on the choice of auditor. Article 16 of EU Regulation No. 537/2014 applies.

A meeting of the audit committee, in the presence of the auditor, was held on 1 April 2019 in accordance with Rule 81a of the Austrian Code of Corporate Governance, in which the monitoring of the (Group) audit was discussed. This meeting also gave the audit committee and the (Group) auditor the chance to communicate without the presence of the Executive Board. An audit committee meeting was held on 25 April 2019, in the presence of the auditor, for the purpose of auditing and preparing the approval of the consolidated financial statements as of 31 December 2018 as well as auditing the Management Report, the Corporate Governance Report, the report on payments to government entities, the consolidated non-financial report, the consolidated financial statements as of 31 December 2018 including the Group Management Report and the proposal on the appropriation of profits as well as the authorisation by the auditor of non-audit services in accordance with the EU Audit Reform Legislation. At the same meeting, the Supervisory Board selected the auditor for the individual and consolidated financial statements as of 31 December 2019. In a meeting on 19 September 2019 the committee dealt with monitoring the financial reporting process, evaluating the effectiveness of the internal control system, the internal audit system and risk management within the Group. Furthermore, the auditor reported on the audit planning for the individual and consolidated financial statements as of 31 December 2019. In a meeting on 3 December 2019, the audit committee, in the presence of the auditor, addressed the report of the (Group) auditor on the functioning of risk management in accordance with Rule 83 of the Austrian Code of Corporate Governance and the internal audit report, including discussions on the audit plan and the material findings, in accordance with Rule 18 of the Austrian Code of Corporate Governance. In the same meeting, the audit committee also addressed non-audit services rendered by the auditor.

Nomination committee

The nomination committee was composed of the following Supervisory Board members in 2019:

- Karl Pistotnik (Chair)
- Klaus Ortner
- Susanne Weiss

The nomination committee has the following responsibilities: (i) preparing Executive Board appointments including successor planning: before appointing Executive Board members, the nomination committee shall define the profile for the Executive Board member taking into account the corporate strategy and state of the company and prepare the decision by the full Supervisory Board on the basis of a specific appointment process and taking into account successor planning; (ii) proposing possible candidates to the Supervisory Board: the nomination committee is involved with planning the allocation of Supervisory Board mandates. The nomination committee shall submit appointment proposals to the entire Supervisory Board, which shall be proposed on the basis of a resolution of the entire Supervisory Board to the AGM for their approval. When proposing appointments, attention must be paid to the qualifications and personal skills of the Supervisory Board members, as well as the balanced composition of the Supervisory Board in light of the structure and business area of PORR AG. Furthermore, the aspects of diversity in the Supervisory Board with regard to representation of gender, age and internationality shall be considered appropriately. Attention shall be paid to the fact that no-one shall be put forward as a member of the Supervisory Board who has been convicted of a crime that calls their professional reliability into question. Since 1 January 2018 the quotas for appointing men and women under the Equality Act shall be considered for new appointments to the Supervisory Board.

A meeting of the nomination committee was held on 9 April 2019 and dealt with issues relating to the Executive Board and the new appointment of members of the Supervisory Board.

The nomination committee met on 11 September 2019 and dealt with issues relating to the Executive Board.

Remuneration committee

The remuneration committee consisted of the following members in 2019:

- Karl Pistotnik (Chair)
- Klaus Ortner (Remuneration expert)
- Susanne Weiss (Remuneration expert)

The remuneration committee has the following responsibilities: (i) handling matters related to remuneration of the Executive Board members and the content of the employment agreements with Executive Board members, particularly specifying the underlying principles of Executive Board member remuneration and determining the criteria for variable remuneration components in line with Rules 27, 27a and 28 of the Austrian Code of Corporate Governance; (ii) evaluating the remuneration policy for Executive Board members at regular intervals; (iii) approving additional duties of Executive Board members.

A meeting of the remuneration committee was held on 9 April 2019, which dealt with determining and expanding the parameters for measuring variable remuneration and with the contractual conditions for employment contracts for members of the Executive Board of PORR AG.

Disclosure on Executive Board remuneration

Remuneration policy principle

It is important to note that, on the basis of the legal provisions of Directive (EU) 2017/828 (Second Shareholder Rights Directive) and the Austrian Stock Corporation Act, in future PORR will conform with the specifications related to disclosure of a remuneration policy and a report on remuneration for the Supervisory Board and Executive Board. In the 2020 AGM, the remuneration policy produced by the Supervisory Board shall be put to a vote in accordance with the Second Shareholder Rights Directive. A remuneration report must be prepared for the first time in 2021 and put to a vote at the 2021 AGM.

The total remuneration of the Executive Board consists of a fixed salary, a variable bonus and other compensation.

Executive Board remuneration

in EUR	Salary 2019	Variable bonus	Pension fund
Karl-Heinz Strauss	750,000.00	307,500.00	39,183.97
J. Johannes Wenkenbach ¹	500,000.00	355,000.00 ²	40,000.00
Andreas Sauer ¹	500,000.00	205,000.00	40,000.00
Thomas Stiegler ¹	500,000.00	205,000.00	40,000.00

¹ Health insurance contributions/year: J. Johannes Wenkenbach: EUR 6,512,09; Andreas Sauer: EUR 8,045,04; Thomas Stiegler: 4,871,43 - since 01.04.2019

² Include EUR 150,000.00 as a special bonus for managing PORR Deutschland GmbH

The precondition for granting this bonus for all Executive Board members is fulfilling the quantitative and qualitative elements of a set of criteria which are determined by the Supervisory Board's remuneration committee. The variable performance bonus for 2019 was EUR 307,500.00 gross for the Chairman of the Executive Board; EUR 205,000.00 gross for Executive Board member Andreas Sauer; EUR 205,000.00 gross for Thomas Stiegler; and EUR 205,000.00 gross for J. Johannes Wenkenbach.

An annual premium of EUR 39,183.97 is paid into a pension insurance policy for Executive Board Chairman Karl-Heinz Strauss.

An annual contribution of EUR 40,000.00 each is paid into a pension scheme for Executive Board members Andreas Sauer, Thomas Stiegler and J. Johannes Wenkenbach.

D&O liability insurance covers the members of the Executive Board, the cost of which is borne by the company, which also subsidises private health insurance.

Remuneration policy principles for significant consolidated companies

The remuneration corresponds to market rates. Furthermore, there is a bonus model for the entire Group that specifies agreed targets for management staff, as well as a bonus pool for other employees.

The targets agreed for management staff are based on consolidated earnings, divisional earnings and individual targets.

The additional bonus pool applies to all staff members who do not have any agreed targets. The amount of the bonus pool is determined annually by the Executive Board.

Principles governing the share option programmes in the company

In the 2019 business year there were no share option programmes in the company.

Disclosure on Supervisory Board remuneration

In addition to reimbursement of expenses and an attendance fee for every meeting, all Supervisory Board members receive an annual payment for their services. The amount of the attendance fee and the annual payment are determined by a resolution by the AGM. The AGM can also rule on a total amount of remuneration for the Supervisory Board and leave the Chairman of the Supervisory Board to decide how it is distributed. If the Supervisory Board mandate begins or ends during a business year, the respective Supervisory Board member is paid pro-rata compensation for the duration of their time on the Supervisory Board.

If members of the Supervisory Board take on special activities in this function and in the interests of the company, extra compensation for this can be approved by AGM resolution.

In the interests of the company, Supervisory Board members are covered by an appropriate level of D&O liability insurance, the costs of which are borne by the company.

The resolution of the AGM on 29 May 2019 determined the following remuneration for members of the Super-

visory Board: the resolution states that the Chairman of the Supervisory Board shall receive fixed remuneration of EUR 50,000.00 per year, the Deputy Chairman of the Supervisory Board shall receive fixed remuneration of EUR 40,000.00 per year and the other members shall receive fixed remuneration of EUR 30,000.00 per year. The attendance fee for meetings was set at EUR 1,500.00 per meeting of the Supervisory Board or one of its committees. Members of the Supervisory Board who do not reside in Austria receive an additional reimbursement of tax at source settled by the company. The fixed remuneration is due in arrears once a year, within four weeks of the AGM. The attendance fee for meetings is due within the four weeks following the respective Supervisory Board meeting.

Furthermore, the Supervisory Board members appointed by the AGM have no claim whatsoever to pension or redundancy payments or any similar compensation upon conclusion of their mandates.

The Corporate Governance Report and the consolidated Corporate Governance Report have been brought together in a single report. This Corporate Governance Report is published as part of the Annual Report and is available on the Group's website at www.porr-group.com.

Supervisory Board remuneration in 2019

in EUR	Fixed remuneration ¹	Attendance fee for meetings ²
Robert Grüneis	30,000.00	6,500.00
Walter Knirsch	30,000.00	5,500.00
Iris Ortner	30,000.00	6,500.00
Klaus Ortner	40,000.00	5,000.00
Karl Pistotnik	50,000.00	6,500.00
Bernhard Vanas	30,000.00	6,500.00
Susanne Weiss	30,000.00	5,500.00
Thomas Winischhofer	30,000.00	6,500.00

¹ Payout four weeks after the AGM

² Since the AGM resolution of 29.05.2019, the attendance fee for meetings is EUR 1,500.00 per meeting. Until 28.05.2019 the attendance fee for meetings was EUR 1,000.00.

Diversity in the PORR Group

In accordance with the UN Global Compact and the Sustainable Development Goals "Reduced inequalities" and "Gender equality", PORR promotes equal opportunities and equal treatment – regardless of skin colour, nationality, social background, ethnic origin, disability, sexual orientation, political or religious convictions, family status, gender or age. Discrimination, derogatory treatment or harassment of fellow human beings will not be tolerated.

Moreover, PORR supports national and international initiatives such as respACT (Austrian Business Council for Sustainable Development), Companies for Families, and is a signatory of the Diversity Charter. PORR is committed to recognising and utilising the diversity of people in the company – there are currently over 80 nationalities represented in the Group. Heterogenous teams and people from immigrant backgrounds hold essential potential not least because of their special experience and talents such as being multilingual or having enhanced intercultural

skills. This also applies to increased corporate productivity and countering the lack of skilled labour. The priority accorded to this issue is reflected in the staff surveys, the Diversity Advisory Board and the PORR Diversity Council – on which the entire Group Executive Board sits.

The motto of the diversity initiative “We@PORR” is ensuring equal opportunities and equal treatment of every colleague, across every level and country, and helping to promote conditions for a better work/life balance.

The catalogue of measures under “We@PORR” comprise the targeted nurturing of employees’ potential through a broad range of further education opportunities as well as individual career development plans and addressing diversity-specific content in training sessions for the managers of the future. The new Group-wide Code of Conduct provides guidelines for ethically sound staff behaviour, making it a key instrument in raising awareness of diversity issues. For example, the subchapter Diversity and Equal Opportunities gives concrete examples of cases of discrimination, shows the correct way to handle conflict situations, and explains the ways in which these issues are relevant for staff. Adherence to the Code of Conduct is obligatory for every member of staff and their acknowledgement of this is confirmed upon signing the employment contract. Every member of staff is asked to report any breach of the Code of Conduct immediately by using the email address compliance@porr.at. PORR counters outdated stereotypes with diversity-specific communication campaigns in the staff magazine and intranet as well as in the company’s networking events like “Diversity Table” with the proactive promotion of real role models.

The concrete goals of “We@PORR” can be summarised as follows:

- Increasing the attractiveness of PORR as the “best place to work”
- Sustainably securing skilled employees and know-how
- Strengthening staff motivation and team spirit
- Maintaining staff performance levels
- Enhancing the potential for innovation and problem-solving through heterogenous teams at every level of the hierarchy
- Safeguarding the average length of time spent with the company
- Increasing the percentage of women throughout the entire Group at every level of the hierarchy
- Increasing the percentage of apprentices
- Allaying potential miscommunication or cases of prejudice through awareness-raising measures

Composition of the Executive and Supervisory Boards of the PORR Group

When selecting and appointing members of the Executive Board, the focus and the related decision-making criteria of the Supervisory Board lie primarily in the competency and expertise required for leading an industrial, listed, construction company with international operations.

Furthermore, the candidate’s education and professional background, age and gender, and general aspects of the respective person are taken into account and influence the decision.

In light of the requirements of the Austrian Code of Corporate Governance, the Supervisory Board defines an appropriate job profile when appointing a member to the Executive Board. The appointment of the Executive Board member is realised on the basis of a predefined appointment process.

The composition of the Supervisory Board adheres to the legal requirements of Sections 86 and 87 of the Stock Corporation Act. Prior to the vote, the proposed candidates have to provide the general shareholders’ meeting with their specialist qualifications, their professional or comparable functions, and any factors that could give rise to concerns regarding impartiality. Furthermore, the candidate’s education and professional background, age and gender, and general aspects of the respective person are also taken into account for appointments to the Supervisory Board.

The selection of the proposed candidates is realised under consideration of a Supervisory Board that is well-balanced in terms of professional qualifications and that takes into account the company’s business environment. Diversity aspects considered here include representation of both genders, as well as the inclusion of different ages and nationalities. In accordance with legal requirements, attention is paid to ensure that nobody is appointed to the Supervisory Board who has been convicted of a criminal offence that calls their professional reliability into question.

Any new appointments to the Supervisory Board will be made on the basis of the legal requirements of the Austrian Equality Act for Men and Women on Supervisory Boards, which specifies a female ratio of 30%.

The primary goal is to find the best possible people for the Executive Board and Supervisory Board of one of Austria’s largest construction companies and Europe’s

leading infrastructure specialists, taking into account the aforementioned aspects.

As of 31 December 2019, the Executive Board of PORR AG consists of four men of different nationalities. Their ages range from 51 to 62. They have a professional and educational background in technology/engineering/construction and/or commerce.

Two of the eight shareholder representatives on the Supervisory Board of PORR AG are women. The shareholder representatives are between 45 and 75 years old and have a range of different educational and professional backgrounds. These include professional backgrounds in the fields of technology, engineering, law, economics and business.

Positive action for women

By signing the UN Global Compact, PORR has sent a clear signal internationally of its commitment to equal opportunities and to strengthening the presence of women in the workplace. Although a woman's chances of gaining employment in the construction sector and forging a career are currently very good, not least because of the growing lack of skilled labour, women remain underrepresented in this sector. There is still a lack of awareness about the many different skilled occupations in construction and the fact that advances in digitisation and developments in technology are leading to a steady decline in the availability of appropriately skilled candidates.

The workforce potential of women is a focal point of PORR's HR development measures. Externally, the female managers of the future need to have their passion for the construction industry ignited as early as possible. Targeted employer branding measures such as holding practical vocation days, taking part in "Apprentice Day", holding recruiting days at technical colleges, the roadshow "PORR@HAK", and participating in programmes such as BeWanted, Career Calling, Young Talents Days etc. give an insight into apprenticeships, technical and commercial vocations and graduate positions, thereby presenting the construction sector as an attractive option for women. Furthermore, there is an increased focus on female students at career fairs.

Internally, the "We@PORR" initiative is contributing to meeting targets. A better balance between one's professional and private life has also enabled part-time workers – and thereby increasingly women – to take on greater managerial responsibility. At present, female managers are active in the PORR Group at various levels of the organisation, for example as division heads, managing

directors, department heads, authorised signatories and two female members of the Supervisory Board.

The "We@PORR" catalogue of measures includes more flexible working-hours models such as home office and sabbaticals, as well as proactive management of parental leave with professional development opportunities during parental leave, "Stay Connected" measures such as continuing to use smartphones and laptops during parental leave, and the "PORR Baby Breakfast" to which mothers and fathers on parental leave are invited. The goal of the "PORR Baby Breakfast" is to promote contact with colleagues who are on parental leave, to inform them of the latest news and changes in the company and to answer any potential questions in direct exchanges. What's more, employees can make the most of a comprehensive range of services for families and home care – including Kids Days (childcare when schools are closed), the Adventure Camp (childcare during the summer holidays), the Parent-Child Office for childcare emergencies, as well as PORR nursing leave and PORR Care+ insurance.

The female-targeted network "Women@PORR" plays an important part in promoting stronger networking and a more intensive exchange of experience among female colleagues. Here role models are presented along with best-practice examples. In 2019 the groundwork was done for the new campaign "proud@PORR", in which attractive vocations and career opportunities for women are presented via videos, photoshoots and interviews. The mentoring programme with a minimum of 50% female mentees was successfully realised in 2019 and will continue in 2020. The training initiative "Empowerment for women in the world of construction" involved a second module and a follow-up event that was very well received. The percentage of women in training to become the next generation of managers rose from 8% (2018) to 19% (2019).

Report on payments to government entities

In 2019 payments in a minor amount were made to government entities by Group subsidiaries operating in the extractive industries. As a result of the inclusion in the Group tax group and the profit-and-loss transfer agreements concluded, no corporation tax was paid. Reference is made to the application of the simplified option pursuant to Section 243d Paragraph 5 of the Austrian Commercial Code.

Supervisory Board Report

For the global economy 2019 was characterised by numerous conflicts related to trade restrictions and subsequent uncertainty on the markets. Despite these qualms, construction investment, especially in Europe, remained at a high level even if it was still defined by highly aggressive competition. 2019 was mixed year for PORR AG. On the one hand, construction output and the order backlog remained stable at a high level counter to the original expectations. On the other hand, there is no relief in sight for the market situation in Poland regarding the prevailing high cost level for construction materials and subcontractor services. Added to this was the revaluation of a project in the course of analysing the market in Norway, which led to the recognition of a one-off impairment charge. These two factors negatively impacted earnings.

As soon as these one-off effects became apparent at the end of November, the Executive Board laid out the reasons in detail to the Supervisory Board and – even if the resulting earnings situation is not satisfactory – the right reaction ensued. The Supervisory Board thanks the Executive Board for an open and intensive discussion and the comprehensive response even to critical questions. In contrast, the Supervisory Board views as positive the very high cushion of orders and the good mix of major projects and ample permanent business contracts with good creditworthiness; taken overall, these lead to the expectation of positive ongoing developments. Positive is also the performance in Germany, PORR AG's second most important market.

The Supervisory Board has actively encouraged and supported the company's development in keeping with the responsibilities assigned to it. In line with Section 81 of the Stock Corporation Act, the Executive Board has kept the Supervisory Board constantly informed of full details of the development of the business and financial position of the Group and its shareholdings, of staff and planning matters and of investment and acquisition projects through spoken and written reports, and the latter has discussed strategy, business development and risk management with the Supervisory Board. In a total of five meetings, the Supervisory Board passed the relevant resolutions that were required. The average level of attendance at Supervisory Board meetings by members that had been elected by the AGM was 92.5%.

The necessary approval for the transactions for which consent is required under Section 95 Paragraph 5 of the Stock Corporation Act and pursuant to the rules of procedure for the Executive Board was obtained; in urgent cases, written voting was used for authorisation of this nature.

Upon expiry of his Executive Board mandate, J. Johannes Wenkenbach retired as planned, effective 31 January 2020. He was succeeded by Josef Pein, who had been unanimously nominated by the Supervisory Board on 11 September 2019 as the COO of PORR AG. In a meeting on 19 September 2019, the Supervisory Board then appointed Josef Pein (61) as a member of the Executive Board and COO of PORR AG, effective 1 January 2020. After graduating from the secondary technical school for construction and civil engineering in Graz, Josef Pein worked in different companies as a technician and area manager and qualified as a master builder in 1994. He held various management positions in the PORR Group since 1987. In 2011 Josef Pein was appointed to the management board of PORR Bau GmbH.

The Supervisory Board asserts that the appointment of Josef Pein brings to the Executive Board an expert with profound knowledge of PORR AG as the member responsible for the markets of Austria and Switzerland. The Supervisory Board wishes Josef Pein all the best in his future endeavours at PORR AG. No less important is the express gratitude to Hans Wenkenbach for his many successful years on the Executive Board of PORR AG.

Supervisory Board committees

In 2019 the Supervisory Board formed the following committees made up of its members in order to support and deal efficiently with complex issues:

Audit committee

A meeting of the audit committee, in the presence of the auditor, and without the presence of the Executive Board, was held on 1 April 2019 in accordance with Rule 81a of the Austrian Code of Corporate Governance, in which the monitoring of the Group audit was discussed. This meeting also gave the audit committee and the

(Group) auditor the chance to communicate without the presence of the Executive Board.

An audit committee meeting was held on 25 April 2019, in the presence of the auditor, for the purpose of auditing and preparing the approval of the financial statements as of 31 December 2018 as well as auditing the management report, the Corporate Governance Report, the report on payments to government entities, the consolidated non-financial report, the consolidated financial statements as of 31 December 2018 including the Group management report and the proposal on the appropriation of earnings as well as the authorisation of non-audit services rendered by the auditor in accordance with the EU Audit Reform Legislation. At the same meeting, the Supervisory Board selected the auditor for the individual and consolidated financial statements as of 31 December 2019.

In a meeting on 19 September 2019 the audit committee dealt with monitoring the financial reporting process, evaluating the effectiveness of the internal control system, the internal audit system and the risk management within the Group. Furthermore, the auditor reported on the audit planning for the individual and consolidated financial statements as of 31 December 2019.

In a meeting on 3 December 2019, the audit committee, in the presence of the auditor, addressed the report of the (Group) auditor on the functioning of risk management in accordance with Rule 83 of the Austrian Code of Corporate Governance and the internal audit report, including discussions on the audit plan and the material findings, in accordance with Rule 18 of the Austrian Code of Corporate Governance, as well as non-audit services rendered by the auditor.

On 17 February 2020 another meeting of the audit committee, in the presence of the auditor, was held in accordance with Rule 81a of the Austrian Code of Corporate Governance, in which the monitoring of the (Group) audit was discussed. This meeting also gave the audit committee and the (Group) auditor the chance to communicate without the presence of the Executive Board.

In accordance with Rule 18 of the Austrian Code of Corporate Governance, the audit committee met on 27 February 2020 to discuss the internal audit report on the audit plan and key findings for the 2019 business year as well as the internal audit report on related party transactions for the period August to December 2019.

Nomination committee

A meeting of the nomination committee was held on 9 April 2019 and dealt with issues relating to the Executive Board as well as the new appointment of members of the Supervisory Board.

The nomination committee met on 11 September 2019 and dealt with issues relating to the Executive Board.

Remuneration committee

A meeting of the remuneration committee was held on 9 April 2019, which dealt with determining and expanding the parameters for measuring variable remuneration of the Executive Board of PORR AG.

Annual and consolidated financial statements 2019

The annual financial statements of PORR AG as of 31 December 2019, including the notes to the financial statements and the management report, and the consolidated financial statements that had been prepared as of 31 December 2019 in accordance with International Financial Reporting Standards (IFRS, as applied in the EU) and the Group management report, were audited by BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. The audit, based on the bookkeeping and documentation of the company as well as the explanations and documentation provided by the Executive Board, revealed that the bookkeeping records and the annual financial statements and consolidated accounts complied with the legal requirements and provided no cause for complaint. The management report and Group management report accord with the annual and consolidated financial statements. The Group has produced a special consolidated non-financial report and a consolidated Corporate Governance Report. The aforementioned audit company has therefore issued an unqualified audit opinion for the annual and consolidated financial statements.

The audit report prepared by the auditor, the Corporate Governance Report, the report on payments to government entities, the Executive Board's proposal on the appropriation of earnings, and the special consolidated non-financial report were dealt with in detail with the auditors in a meeting on 23 April 2020 in the audit committee and submitted to the Supervisory Board. In a change to its original proposal, the Executive Board proposes not to pay out any dividends for the 2019 business year and to carry the entire net retained profits forward to new account.

The audit committee and the Supervisory Board have approved the annual financial statements as of 31 December 2019 and the management report, the Corporate Governance Report, the report on payments to government entities, the special consolidated non-financial report and the proposal of the Executive Board regarding the appropriation of earnings following intensive discussion and auditing. The annual financial statements as of

31 December 2019 have thus been adopted. The audit committee and the Supervisory Board also approved the consolidated accounts for 2019 that had been prepared in accordance with IFRS and the Group management report. The Supervisory Board agreed with the amended proposal of the Executive Board regarding the appropriation of earnings.

The Supervisory Board thanks customers and shareholders for the confidence they have placed in PORR AG and their commitment to the company, as well as the Executive Board and staff for the dedication they have demonstrated over the past year and the constructive collaboration it has enjoyed with them.

During the coronavirus pandemic, I will allow myself a few personal remarks as Chairman of the Supervisory Board. We are living through a crisis that is having a drastic impact on every area of our lives. In addition to concerns about the health of our employees, workers and their families, another focus of our attention is economic stability and thereby the safeguarding of thousands of jobs. Regrettably, the actual economic consequences cannot be foreseen at this moment in time. Nevertheless, the Supervisory Board of PORR AG can assure stakeholders that PORR AG and the PORR Group stand on solid foundations and are very well equipped to handle these difficult times.

With best wishes for your continued good health,

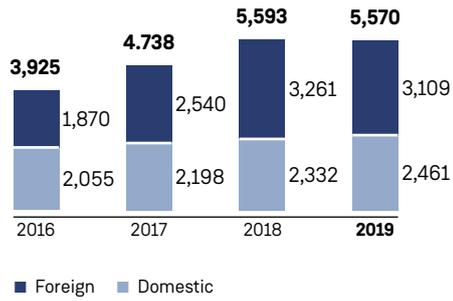
Karl Pistotnik m. p.
Chairman of the Supervisory Board

23 April 2020, Vienna

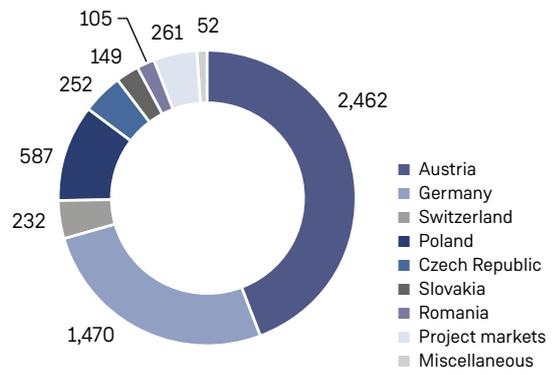


MANAGEMENT REPORT

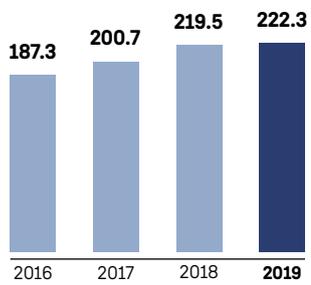
Production output, domestic and foreign
(in EUR m)



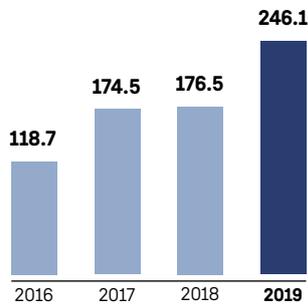
Production output in 2019 by market
(in EUR m)



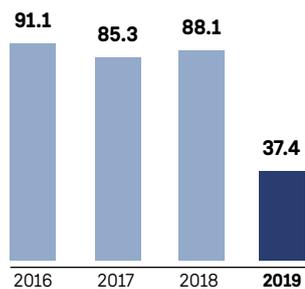
EBITDA (in EUR m)



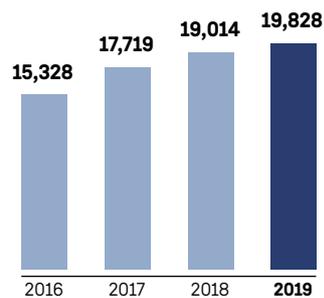
CAPEX (in EUR m)



EBT (in EUR m)



Average staffing levels



The figures have been rounded off using the compensated summation method.

Markets and Performance

Economic Environment

The global economy experienced a slowdown in growth momentum in 2019. Uncertainties in relation to trade policy measures coupled with geopolitical tension put pressure on both global industry and international trade. That said, the first signs of stabilisation were seen around the end of the year. According to the International Monetary Fund (IMF), growth in the global economy was subdued in 2019: the increase in gross domestic product was 2.9%.¹ That said, since the start of 2020 the backdrop has changed significantly with the spread of the coronavirus (COVID-19) and so any forecasts are riddled with uncertainty. The IMF has already assumed a recession and negative growth rates in 2020 that will have a massive effect on the global economy, similar to the impact of the global financial crisis 2008/09.² The OECD expects global growth to be slashed by half if Europe and the USA do not manage to stop the spread of the virus.³

The still smouldering trade conflict between the USA and China impacted the US economy in the year under review. With a total of three steps to cut interest rates in the second half of 2019, the Federal Reserve (Fed) attempted to counter these developments. At year-end, the base rate range was between 1.50% and 1.75%.⁴ GDP growth for the full year stood at 2.3%.⁵ As a consequence of the massive spread of the coronavirus since the start of 2020, the US government announced a USD 2 bn package in March to mitigate the devastating economic impacts.

In the eurozone, the European Commission (EC) estimated economic growth of 1.2% for 2019. Here private consumption and the stable domestic economy proved to be the key pillars for economic growth. They stood in contrast to Brexit-related uncertainty. The economic shock since the beginning of 2020, triggered by the coronavirus and the related measures to halt its spread, has led forecasts for economic growth in the eurozone to shrink to zero percent or lower.⁶

Germany's economy came under greater pressure than the European average in 2019 due to the stagnation in global trade.⁷ Even though the negative economic output of the second quarter could be offset over the full year, the economy did achieve only slight growth in 2019 of 0.6%. Key reasons for the decrease were lower exports⁸ on the one hand coupled with declining industrial production on the other. This contrasted with the ongoing rise in the level of construction investment.⁹ For the year 2020, leading German economists such as the ifo Institute or IfW Kiel have forecast a massive contraction in the German economy.¹⁰

While Switzerland lay in the mid-range of the DACH region with GDP growth of around 1.0%,¹¹ the Austrian economy recorded the best result in the German-speaking world in the year under review with growth of 1.6%. Robust private consumption and high construction activity boosted GDP, especially in the first and fourth quarter.¹² At present, it is extremely difficult to put a figure on the precise extent of the economic damage caused by the coronavirus. Experts from WIFO and IHS anticipate sharp declines in the forecasts for 2020.¹³

In 2019, Central and Eastern Europe once again experienced above-average growth. This was particularly pronounced in Poland and Romania, which achieved significant GDP growth of 4.0% and 3.9% respectively. The high employment rate of the Polish labour market¹⁴ had a favourable impact on private consumption and on investments. There was a similar picture in 2019 in Romania, whereby construction investment made a significant contribution to growth. The Czech Republic and Slovakia recorded GDP growth of 2.5% and 2.3% respectively. The two countries each reported stable domestic demand in 2019 that nonetheless contrasted with a decline in investment momentum.¹⁵ For 2020, experts from the Vienna

¹ IMF, January 2020

² IMF, March 2020

³ OECD, March 2020

⁴ ifo Institute, December 2019

⁵ IMF, January 2020

⁶ EK, March 2020

⁷ ifo Institut, December 2019

⁸ Federal Statistical Office, February 2020

⁹ EK, February 2020

¹⁰ IfW, March 2020

¹¹ Österreichische Nationalbank, January 2020

¹² EK, February 2020

¹³ WIFO, March 2020 und IHS, March 2020

¹⁴ Eurostat, March 2020

¹⁵ EK, February 2020

Institute for International Economic Studies (WIIW) expect a massive slump in growth, although the effects will depend on the duration of the pandemic and the impact of fiscal and monetary countermeasures.¹

Developments in the Construction Industry

The European construction sector remained at a high level in 2019. Euroconstruct assumed growth of 2.3% for Europe. In the reporting period, the construction industry managed to perform well and served as an economic pillar in certain markets. Key topics remained the lack of skilled labour and a significant increase in construction costs for construction materials and logistics.² As a consequence of the ongoing uncertainty in 2020, exacerbated in particular by the rapid spread of COVID-19, the extent and duration of the general economic impacts on the PORR home markets are difficult to estimate at present. Parallel to the GDP forecasts, many of which have already been revised downwards, a similar effect may be assumed on the construction sector.³

With growth of 5.1%, civil engineering was the growth driver in the Euroconstruct countries. Positive impetus came from railway construction in particular. By 2021 this sector is expected to see average annual growth of 5.6%. Building construction climbed by 1.5%. Both in residential and non-residential construction, experts forecast a growth shift from new construction to renovation starting in 2020.⁴

The PORR home markets mirrored European developments. In 2019 the construction industry in Austria recorded growth in the order backlog of 2.7%. Here the shift in growth from building construction to civil engineering is expected in 2020.⁵ The ongoing shortage of skilled labour continued unchanged. Construction costs are at a high, but stable, level.⁶ In any case, there were temporary shutdowns of construction sites across the entire Austrian construction industry caused by the measures to restrict the spread of COVID-19; forecasts for 2020 are thereby unrepresentative at the moment.

In Germany the construction industry served as an economic pillar again in 2019. Positive impetus – especially from industrial construction – led revenues in the construction sector to climb once again. They rose by a total of 6.7%. In terms of order bookings, the sharpest growth

was in residential construction.⁷ The extent of the effect of measures to stem COVID-19 on the construction market are currently difficult to foresee according to the Zentralverband deutsches Baugewerbe (ZDB).⁸ The latest forecast of the ZDB predicted revenue growth to come in slightly below 2019, driven primarily by residential construction. In public-sector construction, increased investment was expected in road and railway construction under the Federal Transport Infrastructure Plan 2030.⁹

In the year under review, Switzerland recorded a significant increase in building construction, thereby increasing its construction volumes by 3.2%. The fluctuating economic backdrop has led to a very reticent approach to tendering in recent times.¹⁰ Here as well the impacts of the coronavirus on the construction industry in 2020 remain unknown.

According to Euroconstruct, Eastern Europe experienced the strongest growth at 7.3%. With support from the EU Cohesion Fund, the home market of Poland put in the best performance with an increase of 8.0%. While in the Czech Republic, Slovakia and Romania, building construction saw the greatest growth, in Poland it was civil engineering that was most positive. In 2019 construction volumes in the Czech Republic and Slovakia grew by a total of 2.7%, while Romania achieved an increase of 6.4%. Challenges throughout the entire year included the prevalence of the high cost level for construction materials as well as shortages of subcontractors and skilled labour. Overall, in the year 2020, the negative economic consequences of the coronavirus will also have a significant effect on activity in the construction sector.¹¹

Development of Output

The indicator production output covers all classic design and construction services, waste management, raw materials sales and facility management, 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 and differences in definitions reconciled pursuant to commercial criteria.

¹ WIIW, March 2020

² Euroconstruct, November 2019

³ BauInfoConsult, March 2020

⁴ Euroconstruct, November 2019

⁵ Austrian Economic Chamber, February 2020

⁶ Statistics Austria, February 2020

⁷ ZDB, February 2020

⁸ ZDB, March 2020

⁹ ZDB, December 2019

¹⁰ Swiss Construction Industry Employers' Association, February 2020

¹¹ EECFA, December 2019 and Euroconstruct, November 2019

In 2019 PORR generated production output of EUR 5,570m, thereby maintaining the high level of the previous year. The slight decrease of 0.4% or EUR 23m was primarily caused by the completion of large-scale projects in Qatar and the more selective approach to acquisitions, especially in Poland. A particularly positive performance was seen in structural engineering in Germany as well as in Slovakia and the Czech Republic.

Reporting of segments has been amended throughout the entire report in line with the new internal reporting structure and management of the PORR Group. Comparative figures have been adjusted retrospectively in accordance with the new structure.

Business Unit 1 – Austria, Switzerland (BU 1) generated production output of EUR 2,828m. This corresponds to a slight increase of 0.9% or EUR 24m against the previous year. The sharpest rise was seen in the federal provinces of Tyrol and Carinthia as well as in Switzerland and in the structural engineering division.

With production output of EUR 1,004m, Business Unit 2 – Germany (BU 2) significantly surpassed the level of the previous year (2018: EUR 940m). This represents growth of EUR 64m or 6.8%. The high level is due in no small part to structural engineering in Germany as well as Oevermann and the recently merged Grundbau Stump-Franki.

The production output of Business Unit 3 – International (BU 3) stood at EUR 1,626m in the period under review. The decrease of 5.7% or EUR 99m was mainly caused by the completion of the large-scale projects in Qatar and the more selective approach to acquisitions, especially in Poland. There were positive developments on the home markets of Slovakia and the Czech Republic.

PORR generated around 94% of its total production output on the seven European home markets. Accounting for 44% of output or EUR 2,462m, Austria remained the most important home market. This was followed by Germany with around 26% or EUR 1,470m. While Poland contributed around 11% of the total, the Czech Republic and Slovakia together were responsible for around 7%. PORR generated around 4% of its production output in Switzerland; around 2% came from Romania.

Order Balance

Through selective bidding, PORR managed to acquire numerous new large-scale projects with good profitability in the infrastructure sector and in residential construction in 2019. The order backlog at closing of EUR 7,065m was thereby once again at a similar level to the record set in the

previous year. Overall, the cushion of orders remains significantly higher than the value of one year's production.

The BU 1 order backlog reached EUR 2,164m at closing, growing by 2.0%. A selective approach to acquisitions led the order backlog of BU 2 to decline by 8.8% to EUR 1,458m. BU 3 retained the high level of the previous year at EUR 3,243m and slipped back only slightly by 1.1%.

The order intake decreased by 12.5% to EUR 5,536m and reflected the more strategically selective acquisition policy applied by PORR. While the performance of BU 1 was relatively stable with a decline of just 0.2%, both BU 2 and BU 3 saw significant decreases. The order intake of BU 2 shrank by 13.4% to EUR 863m. In BU 3 a major factor in the sharp decrease of 32.4% to EUR 1,589m was the selective approach to projects in Poland. In addition, the high level of the previous year included the one-off impact of the Brenner Base Tunnel.

On its most important home market of Austria, PORR acquired multiple large-scale projects in 2019 including several in residential construction. These included the residential complexes Geiselbergstraße and Handelskai 98-100 in Vienna and Q6 Nord in Graz Reininghaus. In Germany PORR was particularly successful in office and industrial construction. As well as the new construction of a production facility including offices and laboratories for the Heraeus Group, PORR acquired two more large-scale projects in Berlin with Techno Campus and New Courts. The largest new order for PORR in the year under review came in Poland – the design-build contract to modernise the LK131 rail line between Kalina and Rusiec Łódzki. On a stretch of around 71km, more than 130km of track will be replaced and all of the stations and crossings will be modernised. Several large-scale projects in office construction were also acquired in Poland. In Romania PORR received the design-build contract for the expressway between Sibiu and Pitești. The 13.7km-long section is located in Central Romania, directly at the foot of the Carpathian Mountains.

Financial Performance

PORR opted for the modified retrospective method when applying IFRS 16 for the first time from 1 January 2019. The impacts of this are laid out in the notes to the consolidated financial statements (from page 137).

In 2019 the consolidated revenue of the PORR Group slipped back slightly by EUR 78.7m to EUR 4,880.4m. The decrease of 1.6% was above that of production output as the output from consortiums in the 2019 business year increased slightly while output from proprietary construction sites underwent a slight decline.

The income from companies accounted for under the equity method includes results from associates and joint ventures, as well as the income from interests in consortiums. While the contribution from consortiums of EUR 52.7m (2018: EUR 60.3m) failed to fully match the high level of the previous year, earnings from associates and joint ventures climbed by EUR 8.5m to EUR 34.8m (2018: EUR 26.3m). This meant that earnings from companies accounted for under the equity method totalling EUR 87.4m were almost the same as the previous year (EUR 86.6m).

Other operating income decreased slightly faster than revenue by 2.8% to EUR 178.7m as a result of the lower charges passed on to associates as large-scale projects in Qatar were completed in 2019.

The largest cost factor in terms of expenses comes from materials and other related production services. The development of these costs is dependent on the degree to which the services on construction projects are carried out by the Group itself versus those rendered by subcontractors. In comparison to revenue, this item underwent a disproportionately sharp decrease of 5.1% to EUR 3,286.7m. Particular factors here included the lower expenditure on purchased production services (-7.9%). In contrast, own construction expenses (sum of expenses for materials and staff) climbed by 3.5%. The cost structure thereby showed on the one hand stronger proprietary output in the construction business and, on the other, a stabilisation in the rise in costs for subcontractor services in the 2019 business year, whereby this expense item had been particularly badly affected for foreign operations in the previous year. Expenditure on purchased services stood at EUR 2,205.0m (2018: EUR 2,394.4m) and at EUR 1,081.7m for materials (2018: EUR 1,068.3m).

Staff costs rose by 5.5% to EUR 1,243.2m. The effect of companies included in the consolidated financial statement for the first time in the first half of 2019 and the last quarter of 2018 accounted for around 1.4% of this increase. The growth in average staffing levels amounted to 4.3% overall. In the 2019 business year staff costs were affected by higher personnel costs for projects in Poland and by a revised project structure at PORR Bau GmbH.

Other operating expenses rose year-on-year by 6.6% to EUR 398.5m. In the business year 2019 this item included higher provisions for guarantees. In addition, this item includes various types of expenditure such as legal and consultancy services, operating costs for buildings and land, office running costs, travel expenses, expenditure for the fleet, commission on syndicated guaranteed loans and advertising costs. Expenses for renting offices and plots as well as the expenditure on the vehicle fleet

declined significantly due to the first-time application of IFRS 16, the allocation of provisions for losses, penalties and warranty claims, whereby expenses for legal and consultancy services and for insurance were above the level of the previous year. The cyberattack at the start of May resulted in a one-off increase in staff costs as well as higher other operating expenses.

The decline in EBITDA caused by the affected projects in Poland and Norway was fully offset by the first-time application of IFRS 16. This therefore led to an overall rise in EBITDA of 1.3% to EUR 222.3m. At the same time, depreciation, amortisation and impairment rose by EUR 40.5m to EUR 167.6m (2018: EUR 127.1m), whereby around EUR 32.5m of this amount was accounted for by the effect of applying IFRS 16 for the first time.

This development led to a reduction in earnings before interest and taxes (EBIT) to EUR 54.7m (2018: EUR 92.3m). The higher interest on leases (around EUR 7.8m) – caused by IFRS 16 – affected financing costs and led to a decrease in the financial result of EUR 13.1m to EUR -17.3m (2018: EUR -4.2m).

In the period under review, EBT stood at EUR 37.4m (2018: EUR 88.1m). After inclusion of the tax expense of EUR 9.6m (2018: EUR 21.9m), which was slightly higher in percentage terms than the previous year in relation to EBT, earnings for the period totalled EUR 27.8m, which was thereby 58.0% or EUR 38.4m lower than the previous year's earnings of EUR 66.2m.

Financial Position and Cash Flows

As of 31 December 2019, the total assets of the PORR Group stood at EUR 3,664.9m. The increase of 17.7% primarily resulted from the rise in cash and cash equivalents as well as the first-time application of IFRS 16, which was reflected in particular in the higher property, plant and equipment (EUR 196.1m as of 01.01.2019) and inversely in financial liabilities (EUR 198.9m as of 01.01.2019).

In line with this, non-current financial assets climbed by 26.1% to EUR 1,392.4m (2018: EUR 1,104.1m). The significant rise in property, plant and equipment to EUR 940.9m (2018: EUR 666.8m) amounted to EUR 274.1m, of which EUR 196.1m resulted from applying IFRS 16 for the first time. Loans and borrowings also underwent a rise of EUR 34.5m to EUR 83.3m – mainly due to financing for a project that was reclassified from receivables into loans and borrowings upon completion of the project. A stable performance was seen for the other items under non-current assets.

Current assets increased by a total of EUR 261.9m to EUR 2,272.5m as of 31 December 2019. Trade receivables remained at almost the same level as the previous year with a rise of just 1.3%. A significant increase in cash and cash equivalents of EUR 262.2m (+82.0% against closing 2018) to EUR 581.9m was achieved.

As of 31 December 2019, the equity ratio stood at 16.4% and was thereby 3.5 PP below the previous year. The EUR 19.2m decrease in absolute equity to EUR 599.0m was caused by an adjustment in interest rates applied when calculating social capital requirements and by the lower annual earnings overall. The increase in total assets – partly due to a rise in cash and cash equivalents – was an additional factor behind the reduction in the equity ratio.

Trade payables decreased in almost the same proportion as revenue by 1.3% or EUR 15.5m to EUR 1,138.8m. Other liabilities grew as a result of higher advance payments received for construction projects, rising by EUR 71.4m to EUR 520.5m. Current financial liabilities underwent an almost equally sharp increase of EUR 61.1m to EUR 110.9m partly because of the higher lease liabilities caused by applying IFRS 16 for the first time. Overall, current liabilities climbed by EUR 136.3m to EUR 2,059.2m.

Increasing by EUR 433.0m to EUR 1,006.7m, non-current liabilities increased significantly. The sharp rise in lease liabilities resulting from applying IFRS 16 for the first time was a major reason for the growth in non-current financial liabilities of EUR 253.2m to EUR 441.3m. Furthermore, the *Schuldscheindarlehen* increased by a total of EUR 170.8m to EUR 346.4m due to accessing new funding to secure long-term liquidity.

As of 31 December 2019, the net debt of the PORR Group (total of bonds and financial liabilities less cash and cash equivalents and securities in current assets) totalled EUR 345.7m (2018: EUR 150.2m). If the impact of the first-time application of IFRS 16 is applied to the comparative figure for 2018, accounting for EUR 198.9m, then net debt for the 2019 business year saw a reduction of EUR 3.4m.

While operating cash flow of EUR 168.1m broadly held steady (2018: EUR 168.7m), cash flow from operating activities rose significantly against 2018 by EUR 63.6m to EUR 249.9m. Consistently applied working capital management facilitated a significant reduction in the absolute increase in receivables and thereby more than offset the rise in trade payables.

Cash flow from investing activities shrank by EUR 42.0m to EUR -110.7m. In addition to higher investments in property, plant and equipment and the contrasting lower investments in financial assets and loans, the reasons for

this decrease included the loss of the one-off effect from the repayment of the UBM mezzanine loan.

Included in cash flow from financing activities of EUR 121.8m was the strong influx from taking out additional *Schuldscheindarlehen* (EUR 199.0m) as well as the outflow of funds from paying out dividends and repaying a bond.

As of 31 December 2019, cash and cash equivalents amounted to EUR 581.9m (2018: EUR 319.7m).

Investments

In the 2019 business year, investments were made in large-scale construction machinery in addition to the usual high investments to replace machinery and construction site equipment and to buy new equipment.

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. CAPEX increased year-on-year by EUR 69.5m to EUR 246.1m. This resulted in a CAPEX ratio of 4.4% in relation to production output (2018: 3.2%).

The investment needs in the entire Group continue to be evaluated in terms of economics and operations.

Research and Development

In the field of research and development, PORR pursues three primary strategic objectives – advancing the core competencies of the company, monitoring the latest megatrends in technology and society, and increasing efficiency in every process.

With projects to recycle construction waste and use secondary raw materials from the metals industry, PORR is making an important contribution to conserving resources and protecting the climate. What's more, the use of raw materials with a smaller carbon footprint opens up new market opportunities. For example, on the tunnelling lot of the Brenner Base Tunnel, compounds (so-called recipes) were developed for practically every construction material used that included the excavation material from the tunnel itself. This means that millions of tonnes of rock did not need to go to landfill and that the same amount did not need to be mined from rock quarries. The local recycling of excavated material also leads to a significant reduction in traffic and energy consumption.

New opportunities for PORR are also arising in the field of alternative forms of energy. This at the same time allows the company to contribute to environmental protection. PORR is heavily involved in building wind parks – mainly by laying their massive foundations. A new formwork system has been developed and patented to this end, which simplifies production and reduces costs. Thermal energy stores are being developed in two further projects in interdisciplinary consortiums with partners from universities, materials specialists and plant engineers. The goal here is to enable the large-scale incorporation of alternative energy forms and the use of industrial exhaust heat in district heating systems. The plan is to take the ample energy available in summer and use it in winter thanks to storage tanks of up to two million cubic metres. This should solve the problem of non-continuous energy production from wind and solar power.

Digitalisation has been a priority at PORR for years and is currently being promoted by the transformation programme PORR 2025. Furthermore, PORR is involved in various cooperation initiatives in the education system. PORR is a premium member of the Construction Robotics Centre of RWTH Aachen University. Together with partners from different technology sectors, research is being done here on forward-looking solutions that incorporate digitalisation and automation. In addition, PORR supports the Lean Construction Management course at the Graz University of Technology.

One important topic for increasing efficiency, which also has ramifications for quality assurance and health and safety, is construction logistics. In this area, PORR is working with software specialists and has developed digital solutions that allow a more precise control of construction processes, thereby reducing the risk of errors and cutting construction time. These tools have already been rolled out successfully in the road construction sector in Austria and Germany. They are under development for tunnelling, building construction, earthworks and structural engineering.

Staff

In 2019 PORR employed 19,828 staff on average. This represents an increase of 4.3% against the previous year. There was a sharper growth rate in Austria of 7.3%, which was partly explained by the expansion of service in BU 1 as well as by some interests consolidated in the holding company for the first time. The rise was less pronounced abroad with growth of 1.1%. The home markets of the Czech Republic and Poland were the only places where staffing levels saw a sharper increase. The rise in

staff expense to EUR 1,243,1m was caused in the 2019 business year by the increase in staff costs for projects in Poland as well as the change in the project structure of PORR Bau GmbH.

One focal point in the personnel sector is on support and further development opportunities for staff. The training platform *porr_academy* provides PORR employees with access to internal educational offers such as conventional seminars, webinars and e-learning courses. In 2019 a total of 11,376¹ people took part in training sessions. The average number of training days per staff member stood at 1.82¹.

The Education Campus in Vienna Simmering, which opened in September 2019, should expand the existing three-pronged training and apprenticeship system by adding a fourth pillar. Skilled workers and apprentices can reap the benefits of additional practical training. At the end of 2019, PORR had 337 apprentices learning 22 different trades and professions. Forwarding logistics and coding have been recently added. In 2019 a total of 63 apprentices successfully passed their final exams.

To meet the growing demand for training throughout the entire Group, the decision was taken to roll out the *porr_academy* in the international markets. This digital training platform is thereby also now available to international staff. In addition, various international leadership and skills training sessions were held in 2019. The participants came from different countries and PORR markets, making a major contribution to intercultural exchange.

Online onboarding has been added to the already expansive range of e-learning options to provide new staff members with guidance when they first start working.

In line with the various BIM and LEAN initiatives, PORR also focuses on these methods in the field of personnel development. In addition to internal training, this approach is being established more broadly through participation in external university courses.

Young professionals and recent graduates are offered an insight into various areas of the company as part of the technical and commercial trainee programmes. Upon completion of the programme, this know-how as a construction accountant or construction engineer should be applied in the respective area of work.

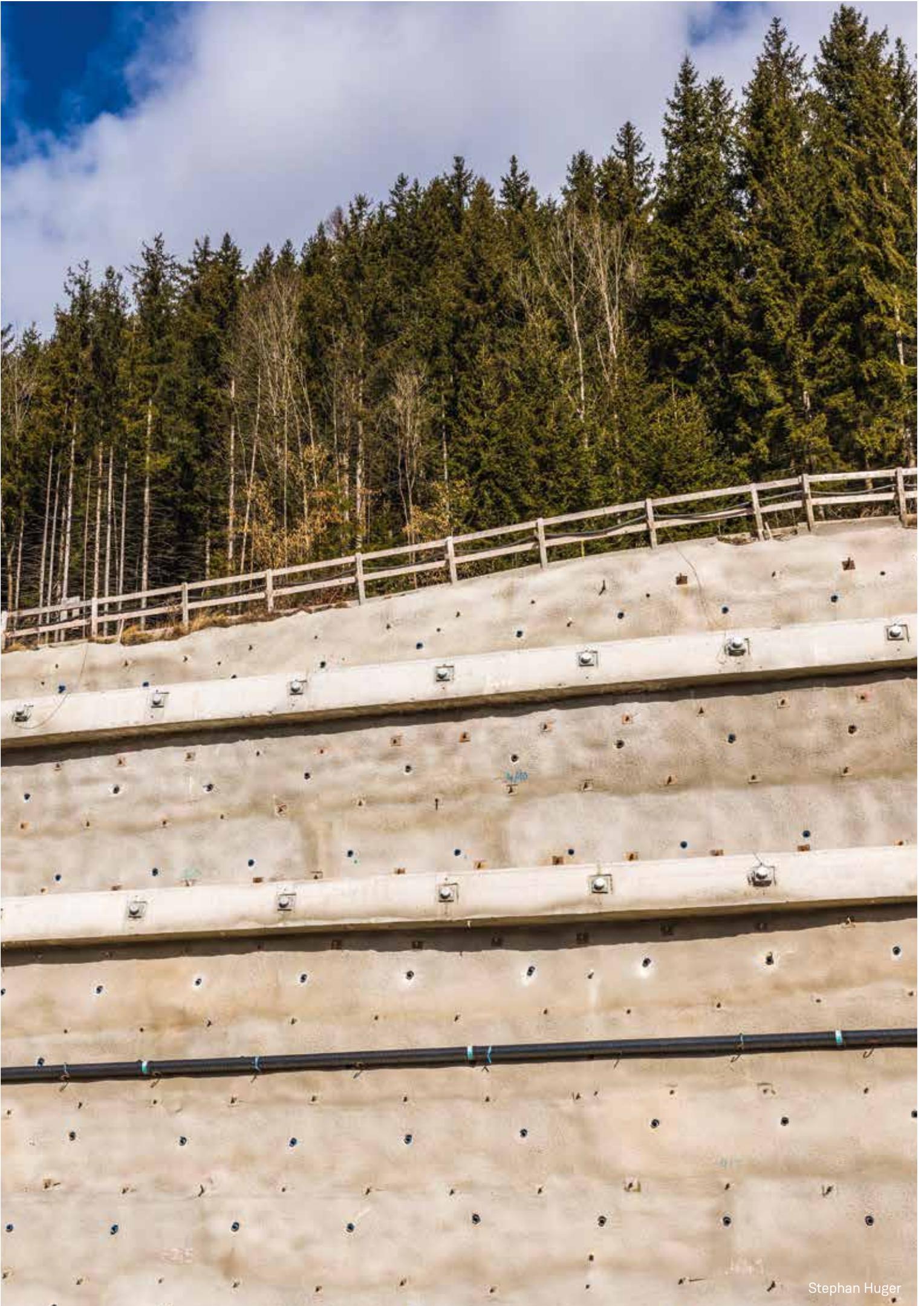
As part of the shoulder-to-shoulder principle and in line with the motto “Information & knowledge should be shared”, the mentoring programme provides a platform for sharing internal expert knowledge and experience.

¹ Data based on Austria, Germany and Switzerland

With the aim of embedding the PORR Principles in the company, they have been integrated into the annual staff appraisal and into management training.

Branch offices and subsidiaries

PORR Bau GmbH has branch offices in the Austrian provinces of Vienna, Lower Austria, Burgenland, Salzburg, Styria, Tyrol, Carinthia and Upper Austria, as well as branch offices in Hungary, Romania, Slovakia, Bulgaria, Serbia, Turkey, England, Norway (indirectly via PORR S.A.), Poland, the United Arab Emirates (Abu Dhabi and Dubai), Qatar and Saudi Arabia. Please see the list of shareholdings with regard to the subsidiaries.



Corporate Social Responsibility

Awards received

Institute	Award	Institute	Award
MSCI ESG Rating	AA	EcoVadis	Gold
Achilles	100%	Network for Workplace Health Promotion	Seal of quality
Financial Times Diversity Leaders	7.54/10	Carbon Disclosure Project Climate	B
Gaia Ratings	70/100	i-Point: Transparency of CSR Reporting	1st place in Austria

Measures implemented

Environment

Energy and emissions

- Energy-efficiency measures in equipment and fleet management

Sustainable buildings and structures

- Energy-efficiency measures in building management

Society

Health and safety

- Occupational health and safety training

Upholding human rights

- Protecting and promoting international human rights

Diversity and equal opportunities

- Roll out “We@PORR” on every market

Economy

Social and environmental standards in the supply chain

- Set of sustainability criteria for procurement

Contribution to the local economy

- Introduction of a regular forum for stakeholder dialogue

Ethics and compliance

- Further developing the high compliance standards
- Conducting regular audits to keep certification
- Group-wide training in anti-corruption and compliance

Current sustainability targets in relation to Sustainable Development Goal (SDGs)

	Action field	Aspect	Measures
ECONOMIC		Social and environmental standards in the supply chain	<ul style="list-style-type: none"> • Group-wide rollout of SAP ARIBA • Evaluating an SAP-based supplier management system • Complete coverage of ISHAP • Responsible sourcing • Energy database for procurement
		Science and technology	<ul style="list-style-type: none"> • Strategic plan for additional digitalisation
		Contribution to the local economy	<ul style="list-style-type: none"> • Resource efficiency • Rollout of the standardised customer feedback session
ENVIRONMENTAL		Energy and emissions	<ul style="list-style-type: none"> • Reducing primary energy consumption by 2020 by at least 1.5% p.a. on the basis of 2015; total reduction of 7.5% • Reducing specific GHG emissions by 2020 by at least 1.5% p.a. on the basis of 2015; total reduction of 7.5% • Introducing an energy management system • Adherence to the binding climate strategy • Intensifying cooperation with representation of interests bodies for climate action
		Waste management	<ul style="list-style-type: none"> • Reducing contaminated fractions • General reduction in waste
		Consumption of material and life cycles	<ul style="list-style-type: none"> • Further increase in reuse and recycling of construction materials
		Water	<ul style="list-style-type: none"> • Further developing methods to conserve resources
SOCIAL		Health and safety	<ul style="list-style-type: none"> • Group-wide penetration of "Vision Zero": reduce LTIFR to < 10 by 2020 • Workplace health promotion
		Further education and training	<ul style="list-style-type: none"> • Promoting e-learning • Implementation of digIT LearningMap • Rollout of porr_academy • Strengthening women's skills and competencies • Increasing the percentage of apprentices, specifically to 5% in Austria
		Diversity and equal opportunities	<ul style="list-style-type: none"> • Fixed focal points in curriculum • Raising awareness

The mandatory disclosures on key non-financial issues, as required by the Austrian Sustainability and Diversity Improvement Act, can be found separately in the 2019 PORR Sustainability Report, which is available at www.porr-group.com/en/group/csr/csr/.

As a sustainable company, PORR is well aware of the impacts its business activities have on the economy, the environment and on society. These impacts are particularly noticeable with regard to the consumption of energy and resources, emissions, and the high manpower demands in the construction industry. The multifaceted challenges in the building sector require a forward-looking strategy that applies across the entire Group. The principles of sustainable corporate management are developed by the Executive Board in cooperation with the CSR unit and the CSR steering committee and laid out in the PORR Sustainability Strategy and the target definitions specific to each division. The PORR sustainability strategy encompasses the three sustainability dimensions of the economy, the environment and society.

In addition, PORR has signed up to the ten principles of the UN Global Compact and supports the sustainable development goals (SDGs). These are presented in the PORR Sustainability Report in relation to the specific actions that have been taken for every unit and are shown as cross-references.

The material topics, as defined with reference to the Austrian Sustainability and Diversity Improvement Act, and the way in which they are prioritised were revised in 2019 with the aid of a Group-wide stakeholder survey before being presented in a new materiality matrix. The survey's findings confirm the relevance of aspects such as "Sustainable procurement" – with a focus on social standards in the supply chain – as well as "Energy and emissions", "Health and safety" and "Ethics and compliance". A brief overview of the material topics is given here; detailed information is available in the separate non-financial report. The PORR Sustainability Report has been produced in accordance with the GRI standards "Core" option and conforms to the requirements of the Austrian Sustainability and Diversity Improvement Act.

Social and environmental standards in the supply chain

– Responsible sourcing

The complex supply chain in the construction industry has the inherent danger of a lack of transparency with regard to upholding legally binding and company-internal specifications on social, environmental and quality aspects. With this in mind, sustainable supplier management is a top priority for PORR. The focus here is on establishing stable, long-term relationships with suppliers and sub contractors – with close attention paid to social, environmental and economic aspects – at the same time as reducing the number of suppliers and deploying lead buyers for primary groups of goods. Cooperation with local suppliers is a focal point of the procurement strategy. Depending on the local conditions – specifically the availability of raw materials and construction materials – and depending on the country, between 60% and 99% of procurement comes from local suppliers. Enhanced cooperation with local suppliers and better transport logistics should also counteract environmental impacts such as air-pollutant emissions.

In 2019 various procurement-related documents such as guidelines, process descriptions, specifications etc. were updated to accommodate an even sharper focus on sustainability. For example, a dedicated, mandatory code of conduct was drawn up for business partners and a set of sustainability criteria was developed for procurement. Within the procurement guidelines, the minimum and exclusion criteria for economic, environmental and social considerations are now laid out with even greater clarity. Topics covered here include occupational safety and security practices, upholding human rights, and environmental standards. Any incidents or deviations related to environmental, social and compliance aspects are recorded in a supplier database and evaluated using a traffic-light system. Non-adherence to the specified standards can lead to a ban on future work orders.

Energy and emissions

- Reducing primary energy consumption by at least 1.5% per annum on the basis of 2015; by a total of 7.5% by 2020
- Reducing GHG emissions by at least 1.5% per annum on the basis of 2015; by a total of 7.5% by 2020

For PORR, responsible corporate management also means improving its energy efficiency as effectively as possible and thereby reducing its energy consumption. This results primarily from the high energy consumption common to the sector that includes the use of fossil fuels on construction sites, in production facilities or when transporting construction materials. By building forward-looking projects with maximum climate-neutrality or closed-loop resources and designing buildings using digital Building Information Modeling (BIM), PORR helps to protect the environment and the climate. Moreover, building certification is another proven measure for achieving environmental targets. In addition to the sustainability performance of buildings, the usability of the space is also maximised.

Centrally managed equipment and fleet management, modernising aging production facilities or cutting-edge construction machinery, the use of alternative drive systems and energy sources, as well as optimised construction-site logistics should lead to a continuous rise in energy efficiency and simultaneously reduce GHG emissions. PORR has set itself the goal of reducing primary energy consumption and its specific GHG emissions by a total of 7.5% for the period 2015 to 2020. In addition, PORR is committed to developing certification systems, implementing the energy efficiency guidelines and conducting regular energy audits. The introduction of an energy management system conforming to ISO 50001:2018 is planned in Austria in 2020.

Health and safety

- Group-wide awareness raising with the “Vision Zero” campaign: reducing LTIFR to below 10 by 2020

PORR’s focus is on preventing accidents and promoting occupational health and safety. Targeted prevention measures aim to prevent any mental or physical stressors among the workforce. With regular occupational health and safety training sessions and instructions, an occupational health and safety app, Safety Walks and Vision Zero,

the LTIFR (Lost Time Injury Frequency Rate) should be reduced to fewer than ten lost-time injuries per million hours worked by 2020. The standard ISO 45001, which is valid across the entire Group and is applied for every staff member, every activity and every workplace, describes the requirements of a modern, operational system for protecting the workforce’s health and safety and combines aspects of occupational safety with workplace health promotion.

Workplace health promotion improves the wellbeing of employees, prevents sickness in the workplace and contributes to a working environment that sustainably encourages good health. Different provisions are realised here specific to each country and include health days, smoking cessation programmes, workshops, sports and training facilities.

PORR’s commitment to health and safety is seen already in its apprentice training. Apprentices attend health and safety training in both their first and second years of their education.

Ethics and compliance

- Further developing the high compliance standards

Upholding compliance regulations is especially important in the construction sector, which has sharp fragmentation in its supply chain. That’s why priority is given to fair competition and ethically sound business practices at PORR. In addition to the Group-wide compliance management system that addresses all relevant aspects such as anti-corruption, social dumping and the dissemination of information, PORR adheres to all local legislation regarding tax and trading practices. Reports on the regular spot checks of business sites and processes are discussed with the Group Executive Board. Compliance lectures as well as training sessions on anti-bribery and issuer compliance are provided to raise awareness among staff.

Furthermore, in the period under review, the existing code of ethics was completely revised and updated to include concrete case studies specific to each division and supplemented by a second, stand-alone version for business partners. The internal code of conduct is mandatory for every staff member and now the external version applies for every PORR business partner. These partners are also responsible for upholding the specifications throughout their supply chain. Non-adherence can lead to the immediate dissolution of the business relationship through to a ban on further work orders. PORR is certified

to national (ONR 192050) and international (ISO 19600, ISO 37001) standards for its compliance management system.

Further education and training

- Roll-out of porr_academy for employees on the home markets
- Increasing the percentage of apprentices, specifically by 5% in Austria

Nurturing and developing the individual potential of every staff member is a focal point of human resources, especially in light of the growing lack of skilled labour coupled with demographic shifts. Appropriate measures strive to further expand the talent for innovation, secure skilled workers and know-how, and strengthen competitiveness. The training platform porr_academy, which has already been rolled out in the DACH region, offers a range of training on topics such as the fundamentals of communication, intercultural training sessions, courses on digitalisation – with iTWO, BIM, SAP MM, SharePoint, IMS as key topics – and much more. Digital media such as webinars, e-learning etc. are increasingly being used. The roll-out for additional countries is planned. In addition, the PORR Campus, opened in 2019, offers a broad range of training for apprentices.

Highly targeted measures in the field of HR marketing and recruiting are used to appeal to the target group of pupils by means of sector-related media and fairs – more than 130 across the Group. The first-time use of virtual reality headsets attracted particularly strong interest, giving potential recruits a virtual tour of the company using a 360-degree video. Ongoing cooperation with universities and colleges remains a focal point. Furthermore, the presence on social media is being expanded in order to increase brand recognition.

Upholding human rights

- Protection and promotion of international human rights

Construction is a people business, one which has a high degree of complexity in project execution, a high number of subcontractors and a highly fragmented supply chain – all of which come with the risks of a lack of transparency and illegal hiring as well as wage and social dumping. This

is why PORR has made a clear pledge to uphold human rights and fair working practices across the entire supply chain. This commitment is reflected in the fact that the company has signed up to the ten principles of the UN Global Compact and the SDGs.

Additional measures to prevent any transgressions in the areas related to personnel or society include the code of conduct that is obligatory for every staff member in the Group, the corresponding code for business partners, and the guidelines on preventing illegal hiring and social dumping. In addition, the set of sustainability criteria for procurement, the supplier datasheet, and the new procurement guidelines with an even stronger focus on minimum and exclusion criteria for social affairs (e.g. occupational safety and security practices, upholding human rights with the prohibition of child labour or forced labour) all help to achieve this goal.

ISHAP, a documentation validation system that facilitates better checks on outside personnel, is being successively rolled out. Any breaches in the supply chain are recorded and evaluated in the supplier management system, PORR places a strong focus on qualified in-house staff and has introduced an array of measures to meet the changing expectations employees have of their employer. The fact that the measures taken and the course pursued are actually achieving their goal was confirmed by the staff satisfaction survey conducted in 2019, which showed record results with a satisfaction rate of over 90%.

Resource management

- Reducing waste
- Further increase in reuse and recycling of construction materials

The extensive use of resources in the construction and real estate industry comes with a central responsibility for environmental and climate protection. That's why PORR focuses on the highly efficient use of resources, better materials recycling, and on developing new construction materials and methods. For example, construction and excavation waste as well as excavated soil make up 75% of waste volumes. They pollute the ecosystem and incur significant disposal costs. PORR handles this waste as a source of secondary raw materials to be fed back into the construction loop. Hence the goal of increasing the percentage of recycled construction material and continuing to develop resource-efficient methods. Mineral construction waste, industrial waste and contaminated soil is

treated in the company-owned facilities for waste treatment and recycling as well as through targeted research and development work, including in the company's own environmental laboratory.

As a company that acts sustainably, PORR strives to optimise the lifecycle of its projects with regard to the economy, the environment, and socio-cultural considerations. Here the range of services extends from installing green roofs, renaturation measures, environmental clean-up and rehabilitation of contaminated sites including taking and assessing samples, through to reinforcement measures and refurbishment. The internal resource management addresses the issue of the water that is used both on construction sites and in production facilities (e.g. bitumen mix plants) as well as during building demolition. As a first step, the water consumption in the PORR Group is being recorded, after which approaches to reduce water usage and measures for water recycling will be developed.

Diversity and equal opportunities

- Raising awareness on diversity issues through communication, networking, role models etc.

With staff members from over 80 nations, diversity and equal opportunities are the key to success at PORR. Here the company is not only committed to further strengthening equal opportunities but rather to proactively utilising and promoting heterogeneity and diversity. The main goals lie in sustainably securing skilled labour, promoting innovation through diverse teams at every level of the hierarchy, increasing PORR's appeal as the "best place to work" and driving up productivity while expanding the company's commercial success. This was also the motivation for implementing the diversity initiative "We@PORR". The focus here is on striking an even better balance between one's private and professional life as well

as on diversity aspects such as gender equality. The range of measures covers everything from flexible models of working hours and leave, to childcare and nursing care provision, workplace health promotion, through to diversity-specific awareness programmes like the company networks "Women@PORR" and "Diversity Table", coupled with targeted training and communication campaigns.

Contributing to the local economy

- Drawing advantages from resource efficiency

Sustainable business is also reflected in the deliberate support of the local economy. PORR contributes to local economic development on its respective markets through its branch offices, creating and preserving jobs, investing in research and development, applying regional proximity as a criterion when choosing suppliers, as well as through tax and social contributions. Furthermore, with its projects in road and railway construction, tunnelling and bridge building, it helps to provide better infrastructure and makes a proactive contribution to communities through building homes, schools or hospitals. Further important focal points include the economic benefits derived from resource efficiency, meetings for customer feedback, and regular platforms for stakeholder dialogue.

Sustainable business is a core pillar of the corporate strategy and with its strong core-shareholder base, PORR has a stable ownership structure that safeguards the future-focused development of the company. The company has a Group-wide integrated management system (IMS), which is constantly developed and updated to meet the requirements of interest groups, markets, policymakers and international standards (ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 31000:2009, ISO 19600:2015 and ISO 37001).

Forecast Report

Over the course of 2019, numerous early economic indicators continuously dampened expectations for Europe. Trade conflicts, the weakening of the global economy and uncertainty surrounding Brexit hampered growth. At the end of 2019 and early 2020, both the International Monetary Fund (IMF) and the OECD viewed the global economic climate as being subject to multiple risks again in 2020.¹

Based on the expectations at the start of 2020, before the COVID-19 pandemic, the Executive Board laid out the following targets in February:

- On the basis of the full and profitable order books, the Executive Board assumes that another moderate increase in production output could be possible in 2020.
- The Executive Board expects a continuous improvement in the EBT margin in the following years.
- On the basis of the targets cited above, the Executive Board plans to propose a dividend of around EUR 0.40 per share to the Annual General Meeting.²

The prevailing low-interest-rate environment, the high order backlogs in the industry and the acute need for investment in the respective countries all serve to demonstrate that the long-term trend in the construction sector remains intact.

PORR ended its 2019 year of consolidation with a high order backlog that again surpassed the 7-billion-euro mark. Despite a challenging market environment, this reflected the positive market trend that is expected to continue in the medium term. The order backlog of EUR 7,056m is valuable and forms the foundation for the company's future earnings potential. By applying selective project acquisition and securing subcontractors prior to bidding for contracts, PORR is mitigating risks by deliberately addressing issues such as the lack of skilled labour and the current high cost level for construction materials and logistics.

Furthermore the transformation programme PORR 2025, introduced in autumn 2019, will have an impact from 2020.

The optimisation of costs and processes should increase profitability and make the company more streamlined and agile. The goal remains in place: achieving a sustainable improvement in PORR's earning power and its market position on the home markets.

As a leading company in the construction industry, PORR has a strong market position in **Austria** and a high degree of capacity utilisation. Furthermore, it is capable of consistent proprietary value creation. The ongoing shortage of skilled labour remains unchanged.³ In **Germany**, PORR's second largest market, the construction sector is traditionally an economic driver – despite weaker macroeconomic forecasts. The 2030 Federal Transport Infrastructure Plan alone provides for further impetus in the coming years through investments in traffic infrastructure.⁴ **Switzerland** offers a well-filled project pipeline in the medium term; here PORR is striving for growth consolidation at a high level.

In Central and Eastern Europe, the sector offers further potential. **Poland** has announced a range of new construction projects for 2020 totalling EUR 9 bn for the road network. By 2030 GDDKiA (the Polish General Directorate for National Roads and Highways) plans further investments of EUR 6.5 bn.⁵ In addition, experts see costs for construction materials and subcontractor services stabilising at a high level in 2020. The lack of skilled labour and capacity bottlenecks remain central issues.⁶ In the **Czech Republic** and **Slovakia**, opportunities are expected to arise in traffic construction via EU funding,⁷ while permanent business offers added potential in the Czech Republic. On the new home market of **Romania**, opportunities are expected in the infrastructure sector in 2020.⁸

Norway has a comprehensive pipeline in the infrastructure sector,⁹ but the market remains challenging and is currently in an analysis phase. In **Qatar** and the **UAE**, PORR is pursuing a reduced-risk strategy through lower project volumes.

In the medium and long term, the fundamental trends in the construction industry should continue to have a positive effect. These include in particular inexora-

¹ IMF, March 2020 and OECD, March 2020

² In a change to the original Executive Board proposal, in a Supervisory Board meeting on 23 April 2020, the Supervisory Board and the Executive Board decided to propose to the AGM that no dividends be paid out for the 2019 business year and that the entire net retained profits be carried forward to new account.

³ WIFO, February 2020

⁴ Federal Ministry of Transport and Digital Infrastructure, July 2019

⁵ GDDKiA, March 2020

⁶ Euroconstruct, November 2019

⁷ EC, March 2020

⁸ EECFA, December 2019

⁹ Euroconstruct, November 2019

ble urbanisation with growing demand for infrastructure and housing; economic and social factors such as climate change; the age structure; customers looking for holistic solutions; and the issue of digitalisation, which is an advantage for a technological trailblazer like PORR. These trends will open up further future opportunities for PORR as a company with a strong positioning on its seven stable European home markets.

However, since the start of 2020, especially since the start of March, there has been a significant change to the backdrop through the spread of the coronavirus (COVID-19) in Europe and on the PORR home markets. Since that time, any forecast comes with considerable uncertainty. The IMF has already forecast a global economic recession and a negative growth rate in 2020. Subject to the duration and development of the COVID-19 crisis, global disruption in many areas of life and economic spheres will have a negative impact on eurozone growth and thereby on the construction sector.¹

The spread of COVID-19 and the corresponding temporary restrictions on personal, public and economic life are currently having a significant effect on PORR's business activities. The temporary closure of more than 1,000 PORR construction sites in March 2020 in Austria, limited operations on several home markets and obstacles for

the construction sector that cannot yet be foreseen will necessitate a revision of the 2020 targets. The economic consequences on the profitability of PORR will be closely linked to the duration of the crisis, the impact on economic growth in the affected countries, and the measures introduced by the public sector.

At the same time, PORR has significantly higher liquidity as of year-end 2019. Even when applying different scenarios on how the COVID-19 pandemic will develop, PORR continues to be in a secure position with disposable liquidity. Moreover, PORR is implementing a range of measures to mitigate the crisis and preserve adequate liquidity such as short-time work, taking vacation days, and targeted stops to expenditure and investments.

At present there is acute uncertainty regarding the actual extent of the coronavirus crisis and the economic implications of the shutdown in many countries. The impacts from this unique situation on the growth of the affected national economies and thereby on construction activity cannot yet be predicted. Therefore, a serious reevaluation and adjustment to the 2020 targets is not possible at the present time.

¹IMF, March 2020

Risk Report

For PORR, risk management is one of the most important fundamentals when carrying out any economic activity and safeguards the company's competitive ability. Should risks have an impact on one of PORR's business fields or markets, this can have a negative effect on the company's earnings potential. That's why the aim of risk management is to identify risks and then minimise them while still maintaining the company's earnings potential. The goal of PORR's risk management lies in developing and implementing the required organisational processes which help to pinpoint risks early on, as well as continuously developing and improving measures to counter those risks. Listed below are the most significant risks known to PORR, which can have a lasting influence on the financial position, cash flows and financial performance of the company.

Risks of COVID-19

The rapid spread of COVID-19 in early 2020 has led to numerous measures in all of the countries in which PORR operates. These have already been judged to be material and will result in a significant reduction in and/or interruption to the majority of business activities. This leads to macroeconomic risks that affect the economic growth and thereby the performance of the construction industry on the PORR home markets.

The non-foreseeable advance of the coronavirus pandemic and the resultant effects on the economy and trade flows that cannot be reliably predicted at present have the potential to result in supply bottlenecks among subcontractors throughout the entire construction value chain. This could in turn have an impact on construction activity, the extent of which cannot be seriously estimated at the current time.

Construction activity in Austria has been directly affected by the spread of COVID-19 and the related restrictions imposed by the government. In March 2020 PORR temporarily shut down more than 1,000 construction sites, which could then be gradually restarted as the result of a timely action plan negotiated by the social partners for the construction industry. In accordance with this action plan, PORR has introduced additional health and safety measures to protect the health of its workforce as regards the spread of the coronavirus and to conform to the regulations imposed by the government. Measures have been

introduced in areas such as workplace hygiene, organisational measures, work equipment, at-risk groups, staff transport, dormitories and construction site coordination.

Should stricter restrictions nonetheless be imposed and thereby result in additional delays to construction activity, then additional negative effects on the profitability of PORR in the medium to long term cannot be excluded. In order to limit the serious slowdown in the market and the corresponding extent of the damages, PORR has already taken various measures related to cost structures, e.g. short-time work, as well as safeguarding liquidity. The degree to which the consequences of the further spread of the coronavirus will be felt cannot be quantitatively estimated at the current time; this is being constantly monitored by an internal task force, whereby the risk is being regularly reassessed. That said, either concrete economic impacts nor accurate estimates can be reliably predicted at the current time.

Market risks

Market risks result from changes to the macroeconomic frameworks in the key PORR markets. Furthermore, disparities between national economies cause a variation in demand across PORR's markets. PORR reacts to fluctuations in national markets and business segments and to the current geopolitical uncertainty by concentrating on the home markets, namely Austria, Germany, Switzerland, Poland, the Czech Republic, Slovakia and Romania. On the project markets of Qatar, UAE, and Norway, PORR only offers export products for selected projects in the fields of tunnelling, railway construction and specialised foundation engineering.

Environmental risks

There are multiple aspects that fall under environmental risks. One especially important one is that there are no environmental standards with complete coverage in the value chain. This lack of standards relates on the one hand to the energy sector and the related greenhouse gas (GHG) emissions, and on the other hand to the issue of resource and waste management. PORR has pledged to reduce its high energy consumption, which is mainly caused by using fossil fuels in areas including construction site operations, transporting construction materials

and in production facilities. Measures to achieve this goal include building future-proof projects, building certification, the increased use of renewables, energy-efficient equipment and fleet, optimised construction-site logistics and modernising existing buildings. With regard to resource management, PORR is committed to greater reuse of materials and developing new construction materials, increasing the percentage of recycled construction materials and to resource efficiency – also as it applies to water consumption across the Group. This is even more essential as the construction sector is a very resource-intensive industry with high levels of waste.

Project risks

Monitoring the project risks applies to all PORR operating units and can be qualified in terms of calculation and execution risks. From the tender stage to the conclusion of a contract, all projects are assessed for specific technical, commercial and legal risks. This is carried out in close collaboration between the parties responsible for operations and the risk managers with the aid of risk checklists and in the course of final price meetings. Ongoing target/performance comparisons are carried out during the project execution stage of all projects. If the project is outside the target parameters, then appropriate countermeasures are initiated, monitored by the risk managers, and assessed in terms of their effectiveness.

Staff risks

The successful management of risks related to human resources is a core component of corporate management. Staff risks arise from employee fluctuations and loss of expertise, as well as shortages of skilled labour, management and young talent. This is why PORR's activities are targeted towards steadily developing staff skills through efficient training measures and increasing PORR's appeal as an employer through career opportunities and incentive schemes. PORR deals with the increasingly fierce competition for highly qualified specialists and managers by optimising recruitment measures and through targeted employer branding. Lighthouse projects such as the PORR Campus for training apprentices and skilled workers in Austria increase PORR's appeal, promote employee loyalty and form part of an efficient approach to employer branding.

Further details on staff and social issues can be found in the 2019 Sustainability Report.

Occupational health and safety risks

The construction sector is one of the industries with the highest risk of accidents and increased physical stress for the workforce. For this reason, PORR has placed a special focus on protecting the mental and physical wellbeing of its staff. The prevention measures introduced range from reducing pressure on health related to noise, dust and vibrations through to occupational safety initiatives – the key here is Vision Zero with the goal of reducing the LTIFR – through to offers relating to workplace health promotion. The range of services is specific to each country and includes health days, smoking cessation programmes, training offers and much more. The standard ISO 45001, which is applied throughout the Group, describes the requirements of a modern, operational system for protecting the workforce's health and safety and combines aspects of occupational safety with workplace health promotion.

Information security risks

An increasing threat to the security of information and trade secrets can endanger the value of companies in the Group. The system for managing information security at PORR was revised in 2019 and has been regularly upgraded ever since, taking into account national and industry-specific regulations. The goal is to protect the intellectual property and trade secrets of the company and its business partners as well as the personal data of staff, clients and partners against theft, loss, unauthorised disclosure, unlawful access or abuse. The company is countering the growing threat with targeted measures. These include specifications and guidelines as well as roles and responsibilities in information security management, operating a risk management process and constant improvements in IT business continuity management. Under certain circumstances, not conforming to these requirements can have significant negative impacts on business activities. The increase in both the number and professionalism of criminal attacks means that a risk related to information security having an impact on the Group's financial position, financial performance and cash flows cannot be completely ruled out.

Financial risks

Managing financial risks, in particular liquidity risks, interest rate risks and currency risks is carried out by the Treasury division and governed by standard Group guidelines. To minimise the risks as far as possible, certain derivative and non-derivative hedging instruments are used in line with evaluations. In general, only opera-

tional risks are hedged and no speculative transactions are conducted. All hedge transactions are performed centrally by the Group Treasury. An internal control system (ICS) designed around current requirements has been implemented to monitor and control risks linked to money market and foreign exchange trading. The cornerstone of managing these risks is the complete functional separation of commerce, processing and accounting. The most important risks for PORR in terms of finance – liquidity risks, interest rate risks and currency risks – are described below in more detail.

Liquidity risks

The liquidity risk is defined as the risk that liabilities cannot be paid upon maturity. Managing the liquidity risk is based on a financial plan updated once a quarter, which originates at operational level. For all projects, a designated commercial employee conducts individual and monthly planning for the current year and for the subsequent year. The operational component involves planning all cash-related financial issues such as due dates for financing, M&A and capital market transactions, interest and dividends; this is performed centrally at holding level with the person holding Group responsibility.

As of year-end 2019 the Group had a liquidity level of EUR 581.9m; this liquidity is used on the one hand for the seasonal peak liquidity demand from April to November typical to the construction industry, as well as for settling loans due, *Schuldscheindarlehen* tranches and bonds, and potential corporate acquisitions. Should additional liquidity demand arise, this could provisionally be covered by drawing on existing lines of credit.

As of 31 December 2019, net debt, defined as the balance from cash and cash equivalents, bonds, and current and non-current financial liabilities, amounted to EUR 345.7m (previous year: EUR 150.2m) and was thereby reduced by EUR 3.4m once the impact of IFRS-16 totalling EUR 198.9m is taken into account.

The Group has access to European credit lines totalling EUR 3,241.8m (2018: EUR 3,031.7m). Of these credit lines, EUR 1,143m (2018: EUR 1,095.0m) was concluded with a term of at least three years. The remainder of EUR 2,098.8m (2018: EUR 1,936.7m) generally runs for a one-year term. Furthermore, there were credit lines in several Arabic countries of EUR 643.2m (2018: EUR 670.3m). As of 31 December 2019, around 60% (2018: 58%) of the European credit lines had been drawn on, as had around 61% (2018: 52%) of the lines in Arabic countries.

Interest rate risk

The Group's interest rate risk is defined as the risk from rising interest cost or falling interest income in connection with financial items. For PORR this risk results primarily from the scenario of rises in interest rates, especially in the short term. Any future hedge transactions that are required will be concluded by the Group Treasury. At the end of the reporting period, the management of this risk was conducted with non-derivative instruments as well as three interest rate swaps (IRS) totalling EUR 103.0m and three IRS with start dates in the future totalling EUR 107.0m. All derivative hedges are designated as cash-flow hedges. The hedged items related to the IRS, including the financing through *Schuldscheindarlehen* taken out in 2018, are subject to variable EURIBOR rates. All IRS relate to swapping variable interest flows for fixed interest flows. As of 31 December 2019, the market value of the IRS had a fair value of EUR -1.9m (previous year EUR -1.8m).

Foreign currency risks

The management emphasis with regard to foreign currency risks relates to hedging exchange rate risks of future incoming or outgoing payments conducted in a foreign currency and which either relate to payments by clients or suppliers, or convert intragroup financing into the respective national currency of the borrower.

PORR had concluded forward exchange contracts worth EUR 158.8m as of 31 December 2019 (previous year: EUR 148.8m); of these, EUR 81.4m were forward purchases and EUR 77.4m were forward sales. Around EUR 87.3m (previous year: EUR 72.9m) are used as hedges for project cash flows and the remainder of around EUR 71.5m (previous year: EUR 75.9m) for hedging intragroup financing.

As of 31 December 2019, the market valuation of open forward exchange contracts resulted in a fair value of EUR 1.4m. In the fiscal year 2019, total expense of EUR 0.8m resulting from changes in the fair value of forward contracts was recognised in profit or loss.

Supplier risks

PORR's procurement market is subdivided into three parts – subcontractors, materials and operating materials. Individual risk mitigation measures are implemented in the company for each of these areas. Moreover, the current spread of the coronavirus may lead to possible bottlenecks in the supply chain.

With regard to subcontractors, price and quality are being assured through the reduction in the number of suppliers, longstanding partnerships for project work, and long-term framework contracts. In addition, procurement strives for maximum risk mitigation in the socioeconomic and environmental sector through a sustainable approach to selecting trade providers. The complex and highly fragmented supply chain in the construction sector sometimes leads to a lack of transparency relating to adherence to legal or internal stipulations in the economic, environmental or social sphere. Any incidents or deviations are recorded in the supplier database and evaluated using a traffic-light system. Non-adherence to the specified standards can lead to a ban on future work orders.

In the materials segment, long-term supplier agreements ensure price continuity. In addition, the use of strategic purchase mechanisms allows individual price fluctuations to be balanced out. Price fluctuations resulting from specific market conditions (concentration processes of suppliers, exchange-linked commodities prices etc.) naturally cannot be ruled out. Incorporating procurement into the calculation phase provides additional price security.

In terms of operating materials, the installation of a Group-wide procurement unit has maximized price advantages. Furthermore, with its “PORR energy procurement strategy”, the company has taken a long-term approach to the purchase of operating materials.

By dividing the procurement structure into a lead buyer and local buyer structure, bulk-buying advantages have been secured along with local opportunities for maximisation. This system has been installed in every area of procurement and leads to an overall mitigation of the purchase risk.

Credit risks

Specific to the industry, construction contracts require advance outlay by the general contractor which will not be covered by payments until a later date. To reduce the default risk, an extensive creditworthiness check is carried out and adequate sureties are agreed as far as possible. The default risk related to other primary financial instruments recorded as assets is also considered marginal, as the contract partners are financial institutes and other debtors with good credit standing. The carrying amount of all financial assets represents the maximum default risk. In as far as default risks on financial assets are possible to determine, these risks are addressed by applying impairment. There are high unsettled receivables, especially for infrastructure projects, from pub-

lic-sector awarders and government-related companies. Apart from these, there are no other risk concentrations related to the operating business arising from high outstanding amounts from individual debtors.

Capital risk management

The aim of the Group’s capital management is to substantially increase equity and to keep debt low.

In the year under review, equity decreased by around EUR 19.2m. The reduction in the equity ratio from 19.9% to 16.4% was mainly caused by the increase in total assets by EUR 550.2m. Of this total, around 35.6% resulted simply from applying IFRS 16 for the first time. If the effect of IFRS 16 is neutralised, an equity ratio of 17.4% results as of 31 December 2019.

As of 31 December 2019, net debt, defined as the balance of cash and cash equivalents, bonds and current and non-current financial liabilities, totalled EUR 345.7m (previous year: EUR 150.2m) and was thereby EUR 3.4m below the level of the previous year once the impact of applying IFRS 16 of EUR 198.9m as of 1 January 2019 is taken into account.

The net gearing ratio is applied for the control of capital risk management. This is defined as net debt divided by equity. In 2019 net gearing stood at 0.58 (previous year: 0.24). Consideration of the effect of IFRS 16 leads to improved net gearing of 0.19 as of 31 December 2019.

Ethics and compliance

The complex supply chain in the construction activity with many layers of subcontractors is particularly open to a lack of transparency in business activities. This can lead to a range of issues including unfair competition and distortion effects when bidding for contracts. That is why ethically correct behaviour when doing business is especially important for PORR, as is adherence to compliance rules. In addition to the compliance management system in place across the Group, which addresses every relevant aspect such as anti-corruption, social dumping or the dissemination of information, PORR conducts regular audits and spot checks of its business sites and processes, as well as compliance lectures and training sessions on anti-corruption and issuer compliance. Moreover, the code of conduct for staff that is mandatory across the Group and the code that applies to business partners ensure adherence to legal and internal ethical standards.

In Austria investigations have been underway by the responsible authorities since the start of 2017 into a range of civil engineering companies, including PORR Bau GmbH, on suspicion of anti-competitive arrangements. The PORR AG Executive Board immediately launched an internal investigation into this issue. This investigation has not yet been concluded. The company is cooperating fully with the authorities.

Internal control system

PORR's internal control system (ICS) is oriented towards the EU standards which have been compulsory since 2009 and whose aim is to produce comparable evaluations of the efficacy of the ICS. Furthermore, PORR is dedicated to securing the company's assets, guaranteeing the actual effects and efficiency of operational processes and ensuring the reliability of financial reporting.

The responsibility for implementing and adhering to legal stipulations for the accounting-related internal control system lies with the Executive Board, which has in turn charged the management accounting department with internal auditing and the external accounting department with external reporting tasks.

The internal control system involves assessing operational risks as well as the appropriate implementation of organisational standards and processes across all areas of accounting and reporting within PORR. The internal control system in PORR ensures that the recording, preparation and accounting of business transactions are standardised across the Group and incorporated correctly into Group accounting. Measures such as clear, Group-internal guidelines, predefined process directives and system-supported processes for recording accounting data all support a uniform and orderly accounting practice. The reporting of subsidiaries included in the consolidated

accounts as well as their consolidation is carried out using integrated IT systems supported by databases. The relevant requirements for guaranteeing correct accounting practices are laid out in uniform Group methods of accounting and valuation and disseminated regularly. The clear functional separation and various control and monitoring methods such as plausibility checks, regular auditing activities at various reporting levels and the dual-control principle mean that proper and reliable accounting is assured. The systematic controls ensure that accounting in PORR conforms to international accounting standards and internal guidelines and guarantees the proper and uniform execution of all accounting-related processes.

Within the internal control system, the audit committee takes on the Supervisory Board's task of monitoring accounting processes and financial reporting. The compliance management system and the internal audit team also guarantee the effectiveness of the ICS by independently monitoring its impacts with the aim of improving business processes.

The internal audit of PORR was most recently externally certified on 22 November 2018 by Crowe SOT advisory, audit & tax GmbH in accordance with IIA (Institute of Internal Auditors) standards, thereby conforming to internationally recognised stipulations. The internal auditors have comprehensive audit powers, including both preventative and exploratory controls, at their disposal to enable them to realise their duties. The audit activities of the internal auditors are carried out to a yearly audit plan directly on behalf of the Group Executive Board. In addition, ad-hoc audits can be initiated at any time at the request of the Executive Board should events occur that may yield risks. PORR's aim is to continue developing the internal control system and to keep it constantly updated to conform to changing framework conditions and new Group guidelines. In addition, already in 2017 PORR had its comprehensive Compliance Management System audited and certified by Austrian Standards in accordance with ISO 19600 and ONR 192050 and also holds an Anti-Bribery certificate in line with ISO 37001.

Disclosure according to Section 243a Paragraph 1 Austrian Commercial Code

1. The share capital as of 31 December 2019 comprises 29,095,000 shares. All shares are no-par value bearer shares, each of which participates equally in the share capital of EUR 29,095,000. At the end of the reporting period, all 29,095,000 shares were in circulation.

The same legally standardised rights and obligations apply to all ordinary shares. In particular, each ordinary share confers the voting rights exercised according to the number of shares and participates equally in profit and, in the event of winding up, in the remaining liquidation proceeds. The share capital of the company is fully paid in. As of 31 December 2019, the company held a total of 216,495 treasury shares or 0.74% of the share capital. In accordance with Section 95 Paragraph 5 of the Stock Exchange Act, the company does not have any rights, particularly voting rights, from the treasury shares.

In line with Section 5 Paragraph 2 of the company statutes, shares from future capital increases can be bearer shares or registered shares. If the resolution authorising the capital increase does not specify whether the shares are to be bearer shares or registered shares, they will be bearer shares. In accordance with Section 5 Paragraph 3 of the company statutes and Section 10 Paragraph 2 of the Stock Corporation Act, shares are to be issued in one, or where necessary multiple, global certificate(s) and deposited at a securities depository bank in accordance with Section 1 Paragraph 3 of the Austrian Act on Securities Deposits, or at an equivalent facility abroad. The company has met this obligation. All of the share certificates previously in circulation were declared invalid, in line with the respective legal regulations.

2. A syndicate agreement is in place between the Strauss Group and the IGO Industries Group. The Chairman of the Executive Board is aware of this syndicate agreement, as the Strauss Group, which is led by the PROSPERO Privatstiftung, is under his control. The Executive Board as a whole has no knowledge of the content of the syndicate agreement from his function as an Executive Board member. Resolutions passed by the syndicate oblige the syndicate members when exercising their voting rights. There is a reciprocal acquisition right.

3. The following shareholders had a direct or indirect holding in the capital of at least ten percent as of 31 December 2019:

	% of share capital	of which syndicated
IGO Industries Group	38.77%	38.52%
Strauss Group	16.21%	15.18%

The Strauss Group includes SuP Beteiligungs GmbH, which is wholly and directly attributed to the PROSPERO Privatstiftung, which is under the control of Karl-Heinz Strauss, Chairman of the Executive Board. Regarding the shares of the IGO Industries Group, the majority are directly and indirectly held by Klaus Ortner.

4. The company has no shares with special rights of control.

5. The company has no employee share ownership plans under which employees do not exercise voting rights directly.

6. In accordance with Section 6 Paragraph 1 of the company statutes, the Executive Board consists of between two and six people. In line with Section 6 Paragraph 2 of the company statutes, the Supervisory Board can appoint deputies to the Executive Board within this number. In line with Section 6 Paragraph 3 of the company statutes, the Supervisory Board can name one member as the Chairman and one member as the Deputy Chairman. Any deputy Executive Board members have the same powers of representation as the regular Executive Board members.

In line with Section 9 Paragraph 1 of the company statutes, the Supervisory Board is composed of at least three and not more than twelve members appointed by the Annual General Meeting (AGM). In line with Section 9 Paragraph 8 of the company statutes, a replacement member can be appointed at the same time as the appointment of a Supervisory Board member takes place, in which case the replacement member would take up their seat on the Supervisory Board effective immediately if the Supervisory Board member steps down before

the end of their time in office. If multiple replacement members are appointed, the order in which they are to replace a Supervisory Board member who steps down must be determined. A replacement member can also be appointed as a replacement for multiple Supervisory Board members, so that they take a seat on the Supervisory Board if any one of these members steps down prematurely. The term of office of a replacement member who joins the Supervisory Board is terminated as soon as a successor to the former Supervisory Board member has been appointed, or at the latest when the remainder of the former Supervisory Board member's time in office comes to an end. Should the term of office of a replacement member who joins the Supervisory Board be terminated because a successor to the former Supervisory Board member has been appointed, the replacement member still serves as a replacement for the additional Supervisory Board members they have been chosen to represent. In line with Section 9 Paragraph 2 of the company statutes, the AGM can determine a shorter period in office than legally stipulated for all Supervisory Board members. Should certain members leave the Board before the end of their term in office, in line with Section 9 Paragraph 6 of the company statutes, a vote to replace them is not required until the next AGM. However, a replacement vote is required at an extraordinary general meeting, to be held within six weeks, if the number of Supervisory Board members falls below three. In line with Section 9 Paragraph 4 of the company statutes, the appointment of a member of the Supervisory Board can be rescinded before the end of their time in office by AGM resolution requiring a simple majority of votes cast. In accordance with Section 19 Paragraph 1 of the company statutes, resolutions of the AGM are passed by simple majority of the votes present, unless another type of majority is proscribed by law; in cases where a capital majority is required, a simple majority of the share capital represented in voting is required for resolutions. From the legal viewpoint of the Executive Board, this company statutory regulation has reduced the necessary majority of at least three quarters of the share capital represented in voting as required by the Stock Corporation Act, also for changes to the company statutes, to a simple capital majority (except in the case of changes to the business purpose).

7. As of 31 December 2019, the Executive Board is authorised, in accordance with Section 4 Paragraph 4 of the company statutes, to increase the share capital of the company within five years of entry of the authorisation of the AGM granted on 29 May 2018 being entered in the Commercial Register, with the approval of the Supervisory Board by EUR 4,364,250 by issuing up to 4,364,250 no-par value shares for cash or consideration in kind – in either

case also in multiple tranches, also in the course of indirect subscription rights in accordance with Section 153 Paragraph 6 Stock Corporation Act – (authorised capital), whereby the issue price, which may not be lower than the pro rata share of share capital, the conditions of issue, the subscription ratio, and other details are to be determined by the Executive Board with the approval of the Supervisory Board. The Executive Board is authorised, with the approval of the Supervisory Board to exclude shareholders' subscription rights in full or in part

- i) if the capital increase is in exchange for consideration in kind or
- ii) if the capital increase is in exchange for cash and

- A) the arithmetic total of the cash consideration of the share of share capital in the company, under exclusion of subscription rights, does not exceed the limit of 10% of the company's share capital at the time the authorisation is exercised,
- B) the capital increase is in exchange for cash contributions for the purpose of servicing a greenshoe option, or
- C) is used to balance out uneven amounts.

The Supervisory Board is authorised to rule on changes to the company statutes which result from the Executive Board exercising this entitlement.

Effective as of 31 December 2019, the Executive Board is authorised, in accordance with the resolution of the AGM dated 29 May 2018, to acquire treasury shares over a 30-month period from the date of the resolution, in line with Section 65 Paragraph 1 Lines 4 and 8 and Paragraphs 1a and 1b Stock Corporation Act, up to the legally permitted amount of 10% of share capital including treasury shares already purchased, also under application of the repeated exploitation of the 10% limit. The equivalent amount to be paid in the buyback may not be less than EUR 1.00 or higher than a maximum of 10% over the average, unweighted share price at closing on the stock exchange on the ten stock-exchange days preceding the buyback. The purchase can be conducted on the stock exchange or through a public offering or in another legally permitted way, particularly over-the-counter, especially also from individual shareholders who are willing to sell (negotiated purchase) and also under the exclusion of shareholders' pro rata tender rights. In addition, the Executive Board is authorised to specify any conditions relating to the buyback. The authorisation can be exercised in full or in stages and also in multiple tranches for one or more purposes, by the Group, by a subsidiary (Section 189a Austrian Commercial Code) or by third parties acting for the company. Trading treasury shares is not permitted as a purpose for the buyback.

The Executive Board is authorised, with the approval of the Supervisory Board, to sell or use treasury shares for a five-year period starting from the resolution of the AGM on 24 May 2016, using a method different from sale on the stock exchange or public offering. The authorisation can be exercised in whole or in part, also in multiple amounts and for one or more purposes. The pro rata purchase right of shareholders upon sale or use of a different kind than on the stock exchange or public offering is excluded (exclusion of pre-emptive rights).

8. In 2014 the company resolved to implement an offer programme worth EUR 250,000,000 to issue partial debentures: it offered the opportunity to exchange bonds from 2009 and 2010 for a newly issued senior bond and a hybrid bond. The exchange offer was accepted for the senior bond in respect of a nominal amount of EUR 56.3m and for the hybrid bond in respect of a nominal amount of EUR 17.1m. The hybrid bond 2014 was increased to EUR 25.0m in 2015. The senior bond was redeemed at the end of its term in October 2019 as agreed. In 2017 an additional hybrid bond for EUR 125m was issued. In the course of an early buyback programme, EUR 25.7m of this hybrid bond was bought back in February 2020. The 2014 and 2017 hybrid bonds contain the following regulation that in case of a change in control (as defined in the bond conditions),

- i) the interest rate of the hybrid bond shall increase by 5.00% p. a. and
- ii) the company is entitled to pay back the hybrid debenture in full.

In 2015 the company issued Schuldscheindarlehen in four tranches with a maturity term of three and five years and totalling EUR 185.5m. These Schuldscheindarlehen were partially paid back in 2016, 2017 and 2018 and partially extended until 2024. In February 2019 tranches at variable interest rates in a total amount of EUR 20m were prematurely extended to 16 February 2026. In addition, EUR 183m was newly placed with maturities of four, five and seven years. In May 2019, EUR 20m of the total was paid back, before being increased in July by EUR 22m and in October by EUR 15m. In August 2019 a tranche of EUR 1m at fixed interest rates fell due and was thereby settled. The Schuldscheindarlehen totalled EUR 376m as of 31 December 2019.

The Schuldscheindarlehen contracts include the following agreement: where a change of control takes place (as defined in the Schuldscheindarlehen contracts), every creditor shall be entitled to call due an amount corresponding to his/her stake in the Schuldscheindarlehen and demand immediate repayment of this capital contribution at the nominal value, plus interest accrued up to the date of repayment.

The company also has three framework guarantee credit contracts for EUR 295m (with a term to 3 January 2020), EUR 180m (with a term to 27 September 2020) and EUR 180m (with a term to 29 June 2022), which contain the following agreements: should one or more people, who at the time of signing the relevant contract do not hold a share or a controlling share, attain a controlling share, as defined in Section 22 of the Austrian Takeover Act, in the beneficiary or a significant Group company (as defined in the contracts), then the agent and the individual lenders are entitled to immediately rescind the respective shares (with regard to their respective shares in the guarantee credit contract) of the framework tranches.

The company has two loan agreements in the amount of EUR 67,4m (with a term to 30 June 2023) and EUR 55m (with a term to 30 June 2023), which contain the following agreement: should one or more people, who at the time of signing the relevant contract do not hold a share or a controlling share, attain a controlling share, as defined in Section 22 of the Austrian Takeover Act, the individual lenders are entitled to immediately rescind the loan agreements. There were no other significant agreements under the terms of Section 243a Paragraph 1 Line 8 of the Commercial Code.

9. Indemnification agreements under the terms of Section 243a Paragraph 1, Line 9 of the Commercial Code shall not apply.

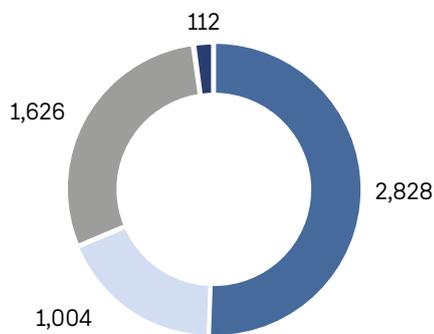
Treasury shares

PORR AG holds 216,495 treasury shares. The treasury shares break down as follows:

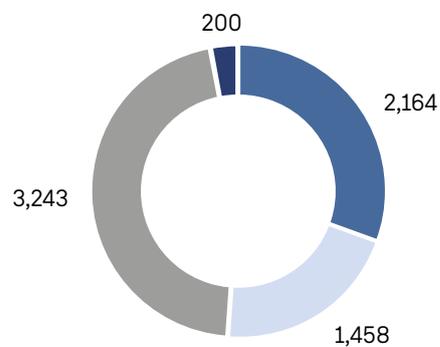
PORR AG	No. of shares	Nominal value per share in EUR	Nominal value in EUR	% of share capital
Interest held on 31.12.2018	216,495	1.00	216,495	0.744%
Interest held on 31.12.2019	216,495	1.00	216,495	0.744%

Segment Report

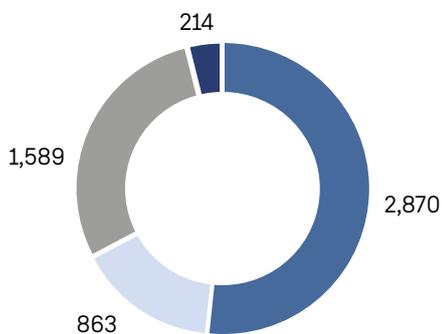
Production output in 2019
by segment (in EUR m)



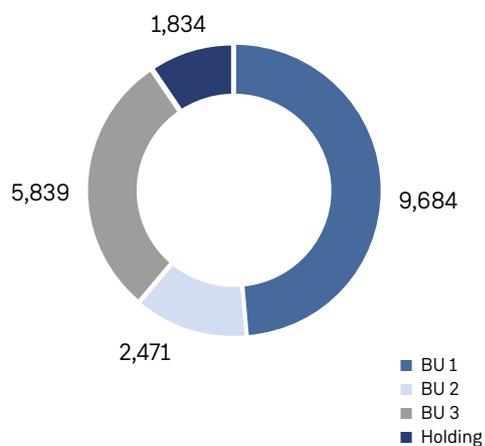
Order backlog in 2019
by segment (in EUR m)



Order intake in 2019
by segment (in EUR m)



Average staffing levels in 2019
by segment



- BU 1
- BU 2
- BU 3
- Holding

The figures have been rounded off using the compensated summation method. Throughout the entire report, segment reporting is presented in accordance with the PORR Group's new internal reporting and management structure. Comparative data from previous periods has been adjusted retrospectively.

Business Unit 1 – Austria, Switzerland

Key Data

in EUR m	2019	Change	2018	2017
Production output	2,828	0.9%	2,804	2,534
Foreign share	20.0%	-3.3 PP	23.3%	19.9%
EBT	73.7	-6.1%	78.5	71.4
Order backlog at year-end	2,164	2.0%	2,122	2,050
Order intake	2,870	-0.2%	2,876	2,795
Average staffing levels	9,684	4.5%	9,267	8,764

The segment Business Unit 1 – Austria, Switzerland (BU 1) covers PORR’s permanent business on the two home markets of Austria and Switzerland as well as Porr Industriebau. Here PORR is represented with its full range of services, whereby the primary focal points are residential and office construction, structural engineering, road construction and specialist civil engineering. The fields of environmental engineering and railway construction with Slab Track Austria for the European region were added in 2019. Additions to the existing equity interests integrated into BU 1 – including IAT, BOMA and ÖBA – include Prajo, TKDZ, Thorn, PWW and ALU-SOMMER. Furthermore, this segment includes German industrial construction, large-scale building construction projects on all international markets and the raw materials business.

In the business year 2019, the production output of BU 1 totalled EUR 2,828m. Particular contributors to the increase of 0.9% or EUR 24m against the previous year were the federal provinces of Tyrol, Carinthia and Upper Austria. In addition, Switzerland and the fields of structural engineering and superregional earthworks achieved positive growth. EBT shrank by 6.1% or EUR 4.3m and stood at EUR 73.7m. This was caused by the slightly lower earnings in railway construction, as well as those in Switzerland and those from major projects.

The order situation in BU 1 was positive, with the order backlog climbing by 2.0% to EUR 2,164m. The field of industrial construction Germany achieved the sharpest growth here, while the federal province of Vienna continued to account for the biggest share in absolute terms. The order intake also maintained the high level of the previous year at EUR 2,870m, slipping back only slightly by 0.2%.

The largest new orders for BU 1 were achieved in Austria. These included numerous residential construction projects such as the residential complexes Wohngarten Geiselbergstraße and Handelskai 98-100 in Vienna and Q6 Nord in Graz Reininghaus. Additional large-scale projects in building construction included building a new office and laboratory building for the Heraeus Group as well as the design and build of part of the university clinic in St. Pölten. In civil engineering PORR won the contract for safety upgrades to the S31 expressway in Burgenland in a consortium. In Switzerland major orders also came in residential construction including the Manegg residential area and the Parc du Simplon in Renens.

PORR’s strong position on the two home markets and high order backlog provide support in the current, economically challenging market environment. In addition, possible economic measures resulting from the COVID-19-pandemic may limit the decreases in revenue. PORR continues its commitment to selective acquisition and the early securing of subcontractors. This addresses in advance issues such as the lack of skilled labour and the increased price level of construction materials and logistics. Initiatives such as opening the Education Campus in Simmering or rolling out the porr_academy are part of the long-term efforts to recruit qualified staff.

The construction sector in **Austria** saw high demand in 2019.¹ According to Statistics Austria, construction costs rose by around 1.3%, an increase that was nonetheless significantly weaker than the year before.² Experts from the Austrian Institute of Economic Research (WIFO) have forecast construction volumes to remain at a high level for the coming year, whereby civil engineering is set to gain momentum.³ For example, ASFINAG (Austria’s highways authority) has pledged to invest EUR 1.4 bn in expanding the highway network in 2020.⁴ The ÖBB (Austrian railways) investment plan cites EUR 10.0 bn by 2023.⁵

¹ Austrian Federal Economic Chamber, February 2020

² Statistics Austria, March 2020

³ Austrian Federal Economic Chamber, March 2020

⁴ ASFINAG, March 2020

⁵ ÖBB, 2018

The picture in **Switzerland** is similar – the construction index peak was reached in summer. Nevertheless, the construction industry could not escape the impact of the economic environment at the end of the year.¹ The government's infrastructure programmes like "Expansion Step 2035" for railway infrastructure and the "Development Programme for National Roads (STEP)" could provide stronger future impetus for the civil engineering sector.²

The COVID-19 crisis is expected to have an impact on every industrial sector on the markets of BU1 and thereby also on the construction business. In March 2020 PORR temporarily stopped operations at more than 1,000 construction sites in Austria; a gradual restart was facilitated through a subsequent action plan agreed by the social partners for the construction industry.³ Nonetheless, the international spread of COVID-19 and sharp rise in infections over a longer period could have a significant impact on the business activities of BU 1. That said, it is not possible at present to foresee the concrete economic effects or make any reliable estimate regarding the future performance of the market or for the full year.

¹ Swiss Construction Industry Employers' Association, February 2020
² Swiss Confederation, March 2020

³ GBH, March 2020

Business Unit 2 – Germany

Key Data

in EUR m	2019	Change	2018	2017
Production output	1,004	6.8%	940	745
EBT	5.0	>100,0 %	2.2	-9.8
Order backlog at year-end	1,458	-8.8%	1,600	1,543
Order intake	863	-13.4%	997	1,592
Average staffing levels	2,471	2.1%	2,419	2,010

The majority of PORR's activities in Germany are bundled in the segment Business Unit 2 – Germany (BU 2). On its second largest market, the company offers foundation and structural engineering in addition to building construction and civil engineering. The acquisitions of recent years have given PORR a strong presence on the infrastructure market with its own qualified, specialist staff. By bundling resources and know-how along regional lines, building construction activities have become more efficient and customer-oriented: South (via Munich), East (via Berlin), West (coverage by PORR Oevermann) and North (via Hamburg). Specialised civil engineering has also been significantly strengthened through the merger of Stump Spezialtiefbau and Franki Grundbau GmbH in 2019.

With production output of EUR 1,004m, BU 2 maintained its high level with an increase of 6.8%. The growth of EUR 64m was generated in particular by the areas of structural engineering and Stump-Franki foundation engineering. EBT rose by over 100% to EUR 5.0m. The improved earnings situation in building construction contributed to this rise.

In 2019 the focus remained unchanged on selective acquisition and consolidation. Consequently, both the order backlog and the order intake declined against the previous year. With a decrease of 8.8%, the order backlog stood at EUR 1,458m as of 31 December 2019. A key factor here was the decrease in structural engineering, which nonetheless represented the largest share of orders. The order intake declined by 13.4% to total EUR 863m in the year under review.

The largest new orders for BU 2 included the residential complex Q 218 at Frankfurter Allee and the office building of the Techno Campus in Berlin. In Potsdam PORR acquired the contract for the new construction of a hotel and residential building with almost 200 rooms and over 100 apartments.

Contrary to every prediction, the construction sector in **Germany** continued to serve as an economic driver throughout the full year. According to the central association of the German Construction Federation (ZDB), revenue climbed by 6.7% in 2019. The rise was generated by all three segments – residential, commercial and public-sector construction. That said, according to the ZDB, it is difficult at present to evaluate the extent of the effects on the construction industry of the measures to restrict the spread of COVID-19.¹ ZDB's latest forecast prior to the impact of the coronavirus cited revenue growth slightly below that of 2019.²

Positive impetus in road and railway construction is expected in the medium term from Germany's 2030 Federal Transport Infrastructure Plan.³ This should be further strengthened by the newly founded Autobahn GmbH, which will serve as an infrastructure operator. From 2021 this organisation should hold responsibility for the design, build, operations, maintenance and financing of the German motorways.⁴

Also in railway construction, the new Service and Financing Agreement III between the federal government and Deutsche Bahn came into effect as of 1 January 2020. This specifies EUR 5.8 bn for maintaining the rail network in 2020.⁵

One decisive limiting factor remains the lack of skilled labour, which PORR is countering through its cooperation with RWTH Aachen University.⁶ In terms of price pressure there has been a slight easing recently both on the labour market and for raw materials and construction materials; that said, costs remain at a high level.⁷

Following the turnaround in 2018, PORR starts the year 2020 with a high order backlog in Germany. The consistent focus on consolidation and on the selective acquisition of new orders will continue to be applied. Nevertheless, a sufficiently reliable forecast for the business year 2020 is not possible as things stand today in light of the coronavirus-related volatility.

¹ ZDB, March 2020

² ZDB, February 2020

³ Federal Ministry of Transport and Digital Infrastructure, July 2019

⁴ Autobahn GmbH, March 2020

⁵ Federal Railway Authority, January 2020

⁶ BVMB contractor association, January 2020

⁷ Federal Statistical Office, March 2020

Business Unit 3 – International

Key Data

in EUR m	2019	Change	2018	2017
Production output	1,626	-5.7%	1,725	1,366
Foreign share	93.3%	-2.2 PP	95.5%	93.2%
EBT	-45.0	<-100,0 %	6.6	20.0
Order backlog at year-end	3,243	-1.1%	3,280	2,654
Order intake	1,589	-32.4%	2,352	1,782
Average staffing levels	5,839	3.0%	5,667	5,459

The segment Business Unit 3 – International (BU 3) focuses on the home markets of Poland, the Czech Republic, Slovakia and Romania, and on the project markets of Norway, Qatar and the United Arab Emirates (UAE). PORR offers construction services in building construction and civil engineering on all of its home markets, complemented by foundation engineering in Poland. The competencies for international tunnelling, railway construction and bridge building are also bundled in BU 3, as are the areas Major Projects and international use of the Slab Track Austria system.

In 2019 BU 3 generated production output of EUR 1,626m. The 5.7% decrease was mainly caused by the completion of the large-scale projects in Qatar and the more selective approach to acquisitions in Poland. The performance on the home markets of Slovakia and the Czech Republic was especially pleasing. EBT showed a loss of EUR 45m and was thereby significantly lower than the previous year. The notable decrease was due to the high cost in Poland as well as a one-off negative contribution to earnings from a project in Norway.

Despite an economic headwind, the order backlog remained at almost the record level of the previous year. At year-end 2019, it stood at EUR 3,243m and thereby declined by just 1.1%. The order intake totalled EUR 1,589m and fell significantly by 32.4%. This was partly caused by the one-off impact of the Brenner Base Tunnel in the previous year and by the selective approach to new projects, especially in Poland.

BU 3 recorded its largest new order of the year in Poland. The modernisation of a 71km-long section of the railway line LK131 between Kalina and Rusiec Łódzki also happens to be the largest railway tender ever awarded in Poland. Here PORR is not only demonstrating its expertise in railway construction, but also in bridge construction – it will build a viaduct with a length of around 100 metres. In

addition, PORR acquired several large-scale building construction projects in Poland such as the 3T Office Tower in Gdingen and the Sky SAWA office complex in Warsaw. In the Czech Republic and Slovakia BU 3 acquired large-scale projects in building construction and civil engineering, while in Romania significant orders came in especially in civil engineering. With the design-build contract for the A1 expressway between Sibiu and Pitești, PORR is creating a first connection through the Carpathian Mountains and thereby helping to improve the traffic infrastructure.

In **Poland** the most important growth driver for the construction sector in 2019 was civil engineering. Experts estimate growth of 8.0% for the entire market in the year under review. Poland will benefit from financing from the EU Cohesion Fund until the end of 2020 at least. That said, the market remains exceptionally challenging: an extremely overheated labour market, subcontractor bottlenecks and a price level with double-digit percentage rises¹ are leading to lower profitability.²

On the home markets of the **Czech Republic** and **Slovakia** construction volumes rose once again, albeit at a slower pace. Alongside opportunities in traffic construction, the Czech Republic also holds further promise in the area of permanent business. Both countries still have open financing lines from the EU Cohesion Fund and so ongoing demand is to be expected to be strong.³ In 2020 there should be potential in the infrastructure sector on the new home market of **Romania**.⁴

Although **Norway** does offer opportunities in traffic construction⁵, the market is currently under analysis and remains challenging.

In **Qatar** and the **UAE** PORR has significantly reduced its project volumes and is only active on a very selective basis.

¹ Statistics Poland, March 2020

² Euroconstruct, November 2019

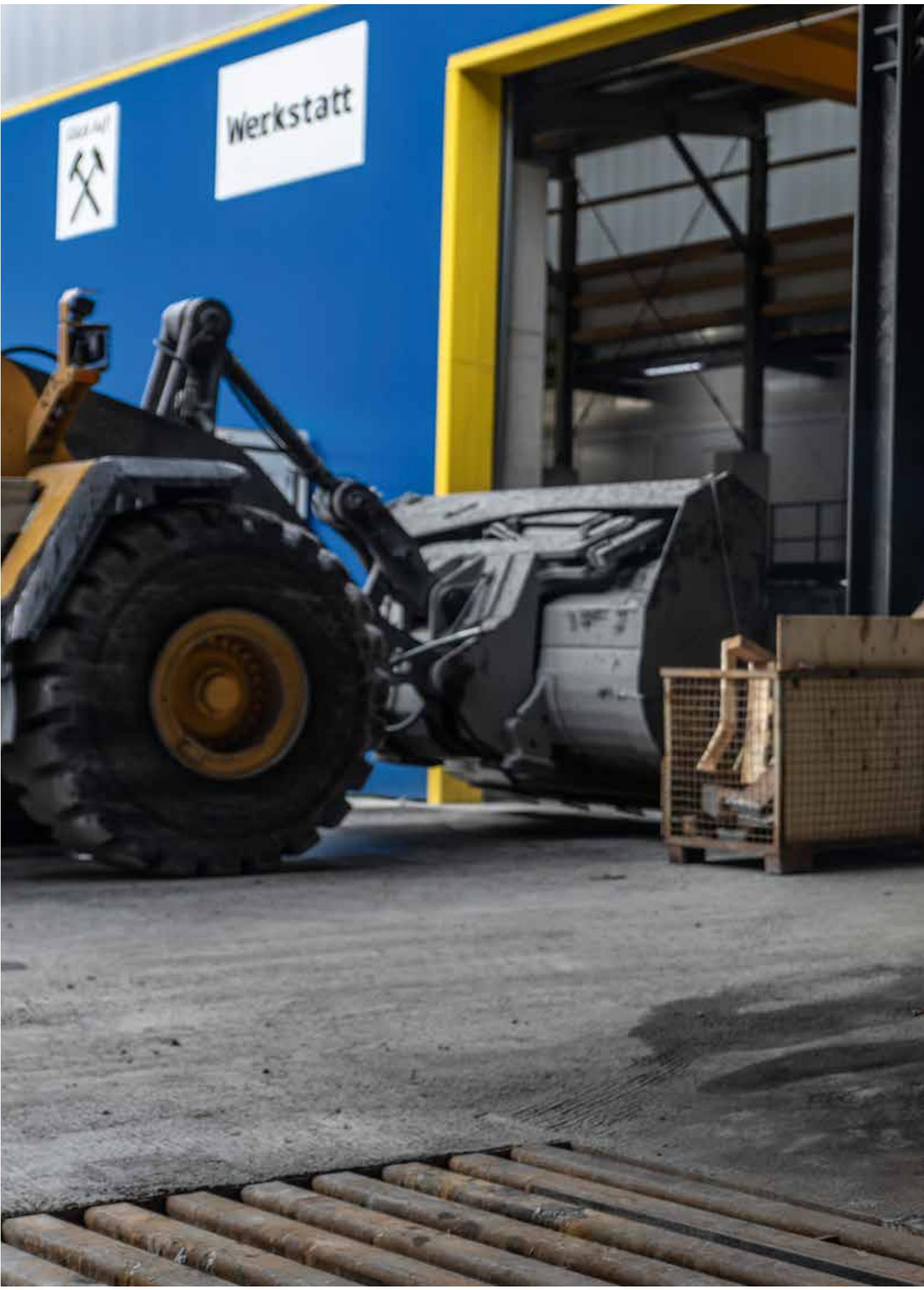
³ EC, March 2020

⁴ EECFA, December 2019

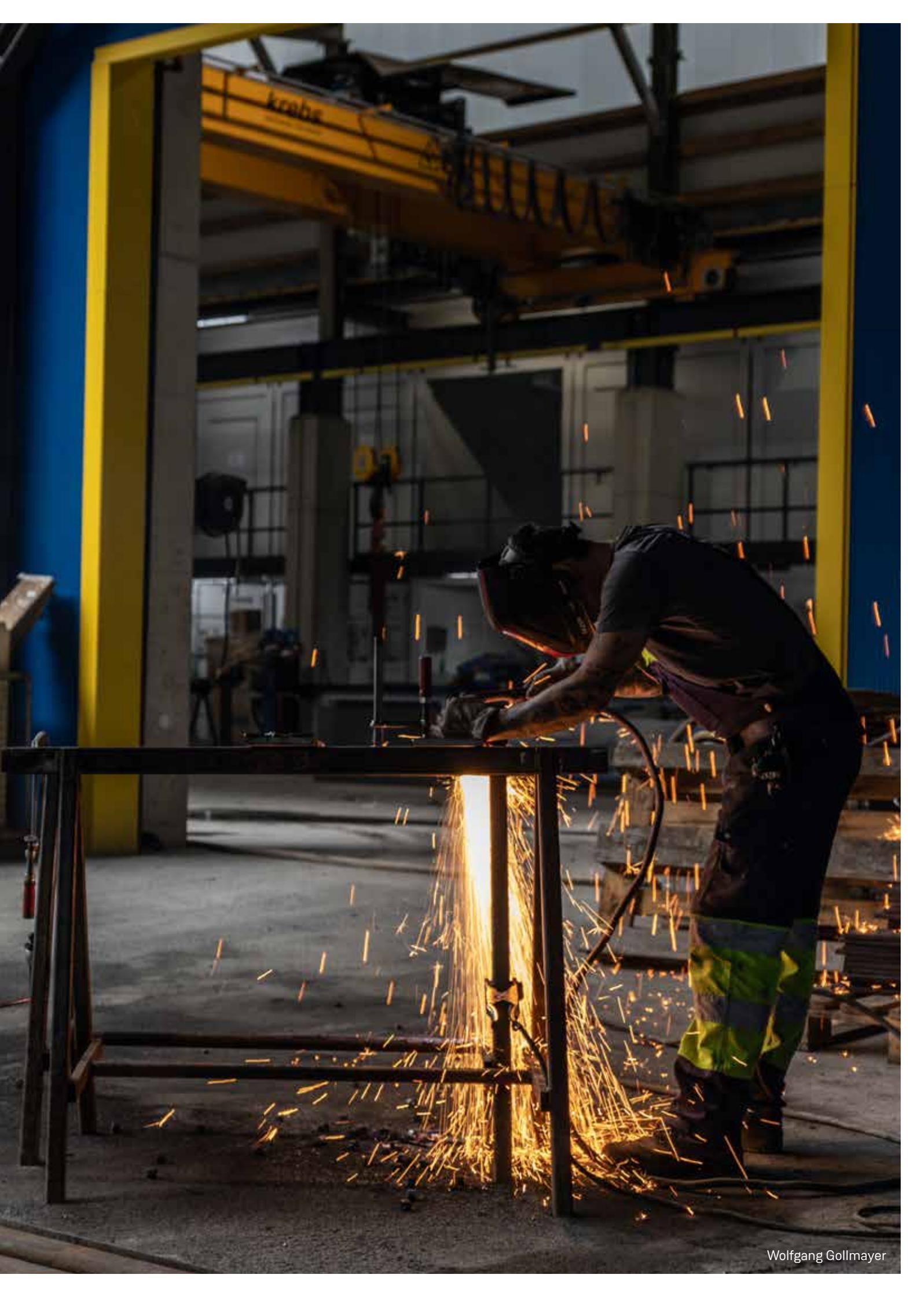
⁵ Euroconstruct, November 2019

For the year 2020, experts from the Vienna Institute for International Economic Studies (WIIW) have forecast a collapse in growth in Eastern Europe. The effects will depend on the duration of the pandemic and the impacts of the fiscal and monetary countermeasures. The rap-

idly changing backdrop in relation to COVID-19 make it impossible at present to produce a reliable forecast of the related economic consequences and thereby the impact on the construction industry in the markets of BU 3 for the business year 2020.



Werkstatt



CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated Income Statement

in TEUR	Notes	2019	2018
Revenue	(7)	4,880,414	4,959,109
Own work capitalised in non-current assets		4,105	5,186
Income from companies accounted for under the equity method	(20)	87,448	86,551
Other operating income	(8)	178,733	183,923
Cost of materials and other related production services	(9)	-3,286,674	-3,462,635
Staff expenses	(10)	-1,243,180	-1,178,798
Other operating expenses	(12)	-398,530	-373,869
EBITDA		222,316	219,467
Depreciation, amortisation and impairment expense	(11)	-167,594	-127,143
EBIT		54,722	92,324
Income from financial investments and other current financial assets	(13)	15,396	18,466
Finance costs	(14)	-32,709	-22,659
EBT		37,409	88,131
Income tax expense	(15)	-9,576	-21,936
Profit/loss for the year		27,833	66,195
of which attributable to shareholders of parent		14,314	54,163
of which attributable to holders of profit-participation rights/hybrid capital		11,227	11,227
of which attributable to non-controlling interests		2,292	805
Basic (diluted) earnings per share, total (in EUR)	(16)	0.50	1.88

Statement of Comprehensive Income

in TEUR	Notes	2,019	2018
Profit/loss for the year		27,833	66,195
Other comprehensive income			
Gains/losses from revaluation of property, plant and equipment	(18)	4,430	-230
Remeasurement from defined benefit obligations	(34)	-20,477	-4,506
Measurement of equity instruments		716	-1,306
Income tax expense (income) on other comprehensive income		3,951	1,278
Other comprehensive income which cannot be reclassified to profit or loss (non-recyclable)		-11,380	-4,764
Exchange differences		2,738	3,259
Gains/losses from cash flow hedges			
in the year under review		-104	-546
Income tax expense (income) on other comprehensive income		26	136
Other comprehensive income which can subsequently be reclassified to profit or loss (recyclable)		2,660	2,849
Other comprehensive income		-8,720	-1,915
Total income		19,113	64,280
of which attributable to non-controlling interests		3,256	760
Share attributable to shareholders of the parent and holders of profit-participation rights/hybrid capital		15,857	63,520
of which attributable to holders of profit-participation rights/hybrid capital		11,227	11,227
Share attributable to shareholders of the parent		4,630	52,293

Consolidated Cash Flow Statement

in TEUR	Notes (42)	2019	2018
Profit/loss for the year		27,833	66,195
Depreciation, impairment and reversals of impairment on fixed assets and financial assets		167,717	124,239
Interest income/expense		21,645	7,946
Income from companies accounted for under the equity method		-34,774	-26,272
Dividends from companies accounted for under the equity method		23,368	18,882
Profits from the disposal of fixed assets		-23,513	-18,842
Decrease in long-term provisions		-5,980	-4,884
Deferred income tax		-7,883	1,406
Operating cash flow		168,413	168,670
Increase/decrease in short-term provisions		36,467	-5,007
Decrease/increase in tax liabilities		-9,176	14,849
Decrease/increase in inventories		7,021	-7,728
Increase in receivables		-13,693	-177,791
Increase in payables (excluding banks)		78,807	189,012
Interest received		9,359	16,736
Interest paid		-26,189	-17,892
Other non-cash transactions		-1,159	5,443
Cash flow from operating activities		249,850	186,292
Proceeds from the disposal of intangible assets		346	45
Proceeds from sale of property, plant and equipment and disposal of investment property		40,542	40,725
Proceeds from the sale of financial assets		21,347	2,535
Proceeds from repayment of loans		3,377	867
Investments in intangible assets		-9,052	-4,193
Investments in property, plant and equipment and investment property		-152,322	-118,014
Investment in financial assets		-2,233	-17,519
Investment in loans		-4,192	-23,414
Repayment of other financial assets		-	50,000
Payouts/proceeds from the sale of consolidated companies		-4,082	1,404
Payouts for the purchase of subsidiaries less cash and cash equivalents		-4,461	-1,128
Cash flow from investing activities		-110,730	-68,692
Dividends		-42,993	-42,992
Payouts to non-controlling interests		-3,757	-1,160
Proceeds from Schuldscheindarlehen		240,000	40,000
Repayment of Schuldscheindarlehen		-41,000	-63,000
Repayment of bonds		-55,353	-46,946
Obtaining loans and other financing		508,875	445,080
Redeeming loans and other financing		-487,260	-485,694
Capital increase of which attributable to non-controlling interests		3,250	-
Acquisition on non-controlling interests		-	-115
Cash flow from financing activities		121,762	-154,827
Cash flow from operating activities		249,850	186,292
Cash flow from investing activities		-110,730	-68,692
Cash flow from financing activities		121,762	-154,827
Change to cash and cash equivalents		260,882	-37,227
Cash and cash equivalents as of 1 Jan		319,674	358,707
Currency differences		1,334	-1,749
Changes to cash and cash equivalents resulting from changes to the consolidated group		-	-57
Cash and cash equivalents as of 31 Dec		581,890	319,674
Tax paid		26,635	5,681

Consolidated Statement of Financial Position

in TEUR	Notes	31.12.2019	31.12.2018
Assets			
Non-current assets			
Intangible assets	(17)	148,522	148,212
Property, plant and equipment	(18)	940,899	666,758
Investment property	(19)	54,091	65,971
Shareholdings in companies accounted for under the equity method	(20)	86,081	93,200
Loans	(21)	83,334	48,802
Other financial assets	(22)	37,003	41,576
Other non-current financial assets	(25)	26,952	25,026
Deferred tax assets	(29)	15,520	14,557
		1,392,402	1,104,102
Current assets			
Inventories	(23)	76,030	82,798
Trade receivables	(24)	1,480,911	1,461,729
Other financial assets	(25)	86,183	97,188
Other receivables and current assets	(26)	47,513	49,220
Cash and cash equivalents	(27)	581,890	319,674
Assets held for sale	(28)	-	25
		2,272,527	2,010,634
Total assets		3,664,929	3,114,736
Equity and liabilities			
Equity			
Share capital	(30)	29,095	29,095
Capital reserve	(31)	251,287	251,287
Profit-participation rights/hybrid capital	(31)	195,250	155,290
Other reserves	(31)	111,449	135,974
Equity attributable to shareholders of parent		587,081	571,646
Profit-participation rights	(32)	-	42,624
Non-controlling interests	(33)	11,957	3,964
		599,038	618,234
Non-current liabilities			
Bonds and Schuldscheindarlehen	(35)	346,384	175,586
Provisions	(34)	169,029	149,150
Non-current financial liabilities	(36)	441,295	188,142
Other non-current financial liabilities	(38)	3,924	3,079
Deferred tax liabilities	(29)	46,061	57,688
		1,006,693	573,645
Current liabilities			
Bonds and Schuldscheindarlehen	(35)	28,981	56,290
Provisions	(34)	170,312	133,757
Current financial liabilities	(36)	110,919	49,840
Trade payables	(37)	1,138,825	1,154,351
Other current financial liabilities	(38)	60,314	41,257
Other current liabilities	(39)	520,509	449,098
Tax payables		29,338	38,264
		2,059,198	1,922,857
Total equity and liabilities		3,664,929	3,114,736

Statement of Changes in Group Equity

in TEUR	Notes (30–33)	Share capital	Capital reserve	Revaluation reserve	Remeasurement from defined benefit obligations	Measurement of equity instruments	Foreign currency translation reserves
Balance as of 31 Dec 2017		29,095	251,287	7,723	-27,286	-	1,240
Restatement from the first-time application of IFRS 9		-	-	-	-	-	-
Restatement from the first-time application of IFRS 15		-	-	-	-	-	-
Balance as of 1 Jan 2018		29,095	251,287	7,723	-27,286	-	1,240
Total profit/loss for the year		-	-	-	-	-	-
Other comprehensive income		-	-	-987	-3,551	-29	3,069
Total income for the year		-	-	-987	-3,551	-29	3,069
Dividend payout		-	-	-	-	-	-
Income tax on interest of holders of profit-participation rights/hybrid capital		-	-	-	-	-	-
Capital increase		-	-	-	-	-	-
Changes to the consolidated group/ acquisition of non-controlling interests		-	-	-	-	-	-
Balance as of 31 Dec 2018		29,095	251,287	6,736	-30,837	-29	4,309
Restatement from the first-time application of IFRS 16		-	-	-	-	-	-
Balance as of 1 Jan 2019		29,095	251,287	6,736	-30,837	-29	4,309
Total profit/loss for the year		-	-	-	-	-	-
Other comprehensive income		-	-	605	-15,288	537	2,822
Total income for the year		-	-	605	-15,288	537	2,822
Dividend payout		-	-	-	-	-	-
Profit-participation rights		-	-	-	-	-	-
Income tax on interest of holders of profit-participation rights/hybrid capital		-	-	-	-	-	-
Capital increase of which attributable to non-controlling interests		-	-	-	-	-	-
Changes to the consolidated group/ acquisition of non-controlling interests		-	-	-	-	-	-
Balance as of 31 Dec 2019		29,095	251,287	7,341	-46,125	508	7,131

Debt securities available for sale – fair value reserve	Reserve for cash flow hedges	Profit-participation rights/ hybrid capital	Retained earnings and non-retained profit	Equity attributable to shareholders of parent	Profit-participation rights	Non-controlling interests	Total
1,737	-629	155,318	132,681	551,166	42,624	3,248	597,038
-1,737	-	-	1,737	-	-	-	-
-	-	-	-2,613	-2,613	-	-	-2,613
0	-629	155,318	131,805	548,553	42,624	3,248	594,425
-	-	8,534	54,192	62,726	2,664	805	66,195
-	-410	-	38	-1,870	-	-45	-1,915
0	-410	8,534	54,230	60,856	2,664	760	64,280
-	-	-8,562	-31,766	-40,328	-2,664	-1,160	-44,152
-	-	-	2,807	2,807	-	-	2,807
-	-	-	-	0	-	1,194	1,194
-	-	-	-242	-242	-	-78	-320
0	-1,039	155,290	156,834	571,646	42,624	3,964	618,234
-	-	-	-2,860	-2,860	-	-10	-2,870
-	-1,039	155,290	153,974	568,786	42,624	3,954	615,364
-	-	11,227	14,314	25,541	-	2,292	27,833
-	-78	-	1,718	-9,684	-	964	-8,720
-	-78	11,227	16,032	15,857	-	3,256	19,113
-	-	-8,563	-31,766	-40,329	-2,664	-3,757	-46,750
-	-	39,960	-	39,960	-39,960	-	-
-	-	-	2,807	2,807	-	-	2,807
-	-	-	-	-	-	3,250	3,250
-	-	-	-	0	-	5,254	5,254
-	-1,117	197,914	141,047	587,081	-	11,957	599,038

Notes to the Consolidated Financial Statements

1. General information

The PORR Group consists of PORR AG and its subsidiaries, hereafter referred to as the “Group”. PORR AG is a public limited company according to Austrian law and has its registered head office at Absberggasse 47, 1100 Vienna. The company is registered with the commercial court of Vienna under reference number FN 34853f. The Group deals mainly with the planning and execution of a whole range of building construction activities.

The consolidated financial statements have been prepared pursuant to Art. 245a of the Austrian Commercial Code in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union and in accordance with the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

The reporting currency is the euro, which is also the functional currency of PORR AG and of the majority of the subsidiaries included in the consolidated financial statements.

The consolidated financial statements were prepared with the closing date of 31 December and relate to the business year from 1 January to 31 December. Results preceded by the abbreviation TEUR are in euro thousand. The majority of numerical entries are rounded up or down to the nearest thousand (TEUR) and may result in rounding differences.

2. Consolidated group

In addition to PORR AG, 69 (previous year: 77) domestic subsidiaries and 64 (previous year: 69) foreign subsidiaries are included in the consolidated financial statements. For one company the Group only holds 49% of the shares, however, the remainder of the shares are held in trust for PORR and the company is therefore included in the consolidated group. 23 (previous year: nine) companies are no longer included in the consolidated group, whereby eleven companies were eliminated through intragroup mergers.

For two companies the number of shares sold meant that only significant influence remains and these were accounted for under the equity method. Four companies were liquidated, while one company was sold off in full. The purchase price of TEUR 3,762 was settled in cash. The assets and liabilities where control was lost break down as follows:

in TEUR	2019
Non-current assets	
Property, plant and equipment	270
Investment property	20,127
Deferred tax assets	542
Current assets	
Inventories	11
Trade receivables	1,004
Other financial assets	1,024
Other receivables and current assets	165
Cash and cash equivalents	7,471
Non-current liabilities	
Provisions	-18
Non-current financial liabilities	-179
Deferred tax liabilities	-798
Current liabilities	
Current financial liabilities	-48
Trade payables	-805
Other current financial liabilities	-19,442
Other current liabilities	-7,127
Tax payables	-8

Gains on sale amounting to TEUR 946 were recognised in income/expenses from financial assets. The fair value measurement of the remaining equity stake led to a gain of TEUR 62 and is recognised in companies accounted for under the equity method.

2.1. First-time consolidations

In these consolidated financial statements the following ten companies were consolidated for the first time:

	Date of initial consolidation
Because of new foundations	
JV PORR - GATES R150	1.7.2019
PORR Construction Pte. Ltd	12.7.2019
PORR Mischanlagen GmbH	9.8.2019
Kröll Pflasterbau GmbH	3.12.2019

No significant assets and liabilities were included as a result of these consolidations.

	Date of initial consolidation
Because of acquisitions and first-time consolidation	
Rumpelnig Immobilien GmbH	1.1.2019
ISHAP Gebäudedokumentations GmbH	5.3.2019
Reisinger Gesellschaft mbH	9.4.2019
Spenglerei Hangl Christof GmbH	8.5.2019
Alea GmbH	14.5.2019
"hospitals" Projektentwicklungsges.m.b.H.	26.11.2019

TEUR 109 was used to purchase a 100% stake in Rumpelnig Immobilien GmbH. The purchase price was settled in cash and provisionally allocated to the Group's liabilities and assets as follows:

in TEUR	2019
Non-current assets	
Deferred tax assets	5
Current assets	
Trade receivables	123
Other receivables and current assets	2
Cash and cash equivalents	16
Non-current liabilities	
Deferred tax liabilities	-31
Current liabilities	
Trade payables	-2
Other current liabilities	-4
Purchase price	109

TEUR 1,112 was used to purchase 100% in Reisinger Gesellschaft mbH. The company is active in the fields of well drilling, exploratory drilling and geothermal drilling. The purchase price was allocated to the Group's liabilities and assets as follows:

in TEUR	2019
Non-current assets	
Other intangible assets	3
Property, plant and equipment	1,359
Other financial assets	2
Deferred tax assets	150
Current assets	
Inventories	206
Trade receivables	529
Other financial assets	13
Other receivables and current assets	10
Cash and cash equivalents	30
Non-current liabilities	
Provisions	-37
Deferred tax liabilities	-174
Current liabilities	
Provisions	-71
Current financial liabilities	-401
Trade payables	-49
Other current liabilities	-225
Tax payables	-8
Lucky buy	-225
Purchase price	1,112

The acquisition contributed TEUR 225, which was recognised in other operating income. A reassessment was carried out prior to recognising the bargain purchase.

TEUR 40 was used to purchase 100% in Spenglerei Hangl Christof GmbH. The company provides tradesmen services including tinsmiths and roof sealing. The purchase price was settled in cash and allocated to the Group's assets and liabilities as follows:

in TEUR	2019
Non-current assets	
Goodwill	41
Other intangible assets	1
Property, plant and equipment	90
Other financial assets	5
Deferred tax assets	7
Current assets	
Inventories	56
Trade receivables	481
Other financial assets	81
Other receivables and current assets	19
Non-current liabilities	
Non-current financial liabilities	-105
Deferred tax liabilities	-7
Current liabilities	
Current financial liabilities	-97
Trade payables	-289
Other current financial liabilities	-148
Other current liabilities	-95
Purchase price	40

The acquisition of Spenglerei Hangl Christof GmbH led to the application of goodwill not deductible for tax purposes, as the purchase price includes the benefits of synergic effects.

TEUR 3,109 was used to purchase 100% in Alea GmbH. The company operates in the field of cleaning services for buildings. The purchase price was settled in cash and allocated to the Group's assets and liabilities as follows:

in TEUR	2019
Non-current assets	
Goodwill	1,256
Other intangible assets	9
Property, plant and equipment	128
Other financial assets	197
Other non-current financial assets	34
Deferred tax assets	32
Current assets	
Inventories	2
Trade receivables	1,725
Other financial assets	26
Other receivables and current assets	14
Cash and cash equivalents	1,112
Non-current liabilities	
Provisions	-142
Non-current financial liabilities	-39
Deferred tax liabilities	-274
Current liabilities	
Current financial liabilities	-38
Trade payables	-114
Other current liabilities	-819
Purchase price	3,109

The acquisition of Alea GmbH led to the application of goodwill not deductible for tax purposes, as the purchase price includes the benefits of synergic effects.

TEUR 4,000 was used to purchase another 50% in ISHAP Gebäudedokumentations GmbH. The company deals in building inspections, monitoring and documenting the state of buildings, and producing the relevant documents and logs. The purchase price was settled in cash and allocated to the Group's assets and liabilities as follows:

in TEUR	2019
Non-current assets	
Other intangible assets	9,776
Property, plant and equipment	28
Current assets	
Trade receivables	198
Other financial assets	2
Cash and cash equivalents	791
Non-current liabilities	
Deferred tax liabilities	-2,444
Current liabilities	
Provisions	-16
Trade payables	-10
Other current financial liabilities	-75
Other current liabilities	-65
Tax payables	-185
Fair value of the equity interest already held	-3,000
Non-controlling interests	-1,000
Purchase price	4,000

The acquisition contributed TEUR 2,544, which was recognised in income from companies accounted for under the equity method.

For "hospitals" Projektentwicklungsges.m.b.H., the articles of association were amended as of 26 November 2019 to state that all of the resolutions at shareholder meetings shall be passed by simple majority, whereby control has been gained over the group. The control premium amounted to TEUR 1,294. The "hospitals" group mainly realises PPP projects in cooperation with the Social Insurance Authority for Self-Employed Persons and operates multiple clinics in Austria.

in TEUR	2019
Non-current assets	
Goodwill	1,175
Shareholdings in companies accounted for under the equity method	28,099
Loans	9,714
Current assets	
Trade receivables	470
Other financial assets	340
Other receivables and current assets	204
Cash and cash equivalents	1,967
Non-current liabilities	
Other non-current financial liabilities	-1,159
Current liabilities	
Trade payables	-3
Other current financial liabilities	-3,856
Tax payables	-110
Fair value of the equity interest already held	-31,260
Non-controlling interests	-4,287
Purchase price	1,294

The acquisition of "hospitals" Projektentwicklungsges.m.b.H. led to the application of goodwill not deductible for tax purposes, as the purchase price includes the benefits of synergic effects. In the course of reassessing the equity interest held, an amount of TEUR 14,655 was recognised in companies accounted for under the equity method.

The first-time consolidation of these companies contributed TEUR -598 to EBT for the period and TEUR 11,901 to revenue. Assuming a notional date of first-time consolidation of 1 January 2019, Group revenue and earnings would change as follows:

in TEUR	Revenue	EBT
Reisinger Gesellschaft mbH	2,839	-521
Spenglerei Hangl Christof GmbH	1,234	-118
Alea GmbH	9,395	267
Kröll Pflasterbau GmbH	-	-35
"hospitals" Projektentwicklungsges.m.b.H.	1,468	3,249
ISHAP Gebäudedokumentations GmbH	1,880	-63
Total	16,816	2,779

Furthermore, 48 (previous year: 44) domestic and 35 (previous year: 35) foreign associates and joint ventures were included under application of the equity method. The consolidated subsidiaries and companies accounted for under the equity method are shown in the list of shareholdings (see appendix). Companies that are of minor significance for the consolidated financial statements are not included. Nine (previous year: nine) subsidiaries and 26 (previous year: 28) shareholdings in associates and joint ventures were therefore not included in the consolidation or accounted for under the equity method; this primarily relates to general partner companies.

3. New accounting standards

3.1. Standards adopted for the first time in the year under review

The Group applied the following standards for the first time as of 1 January 2019, whereby only the first-time application of IFRS 16 Leases had a significant impact.

New standard or amendment	Date of publication by IASB	Date of adoption into EU law	Date of initial application
IFRS 16 Leases	13.1.2016	31.10.2017	1.1.2019
Amendments to IFRS 9 Prepayment Features with Negative Compensation	12.10.2017	22.3.2018	1.1.2019
IFRIC 23 Uncertainty over Income Tax Treatments	7.6.2017	23.10.2018	1.1.2019
Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures	12.1.2017	8.2.2019	1.1.2019
Annual Improvements to IFRSs 2015 - 2017 Cycle	12.12.2017	14.3.2019	1.1.2019
Amendments to IAS 19 Plan Amendments, Curtailments or Settlements	7.2.2018	13.3.2019	1.1.2019

IFRS 16 Leases

The standard specifies how to recognise, measure, present and disclose leases. IFRS 16 replaces the previous standard IAS 17 and three interpretations related to leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value (option to choose). On initial recognition the liability is discounted and in subsequent years it decreases through lease payments, while also increasing through unwinding. At the same time, a right of use (ROU) in the amount of the present value of future lease payments is capitalised and subsequently written down using the straight-line method. The previous differentiation between operating leases and finance leases is thereby no longer applicable. The standard was published in January 2016 and its application is obligatory for reporting periods beginning on or after 1 January 2019. IFRS 16 features different transition options. PORR decided against early adoption and chose the modified retrospective approach, whereby for leases related to property, it has applied the method pursuant to IFRS 16.C8b (ii) and for all other leases it has applied the method specified in IFRS 16.C8b (i).

When applying IFRS 16 for the first time, PORR exercised its right to apply the expedients in accordance with IFRS 16.C10:

- Portfolio application could be applied to discount rates for leases with similar assets, similar remaining terms and similar economic conditions.
- No onerous leases were identified as of the changeover date and therefore no adjustment to ROU assets was required.
- Initial direct costs were not considered.
- Options for extension or cancellation were assessed at the point in time IFRS 16 was first applied.
- The expedients of IFRS 16.C3 were not exercised.

In addition, the requisite disclosures in the notes were added.

The following tables shows the impact as of 1 January 2019 on the items in the statement of financial position from the first-time application of IFRS 16 as well as on the consolidated income statement and the statement of cash flows for the period 1 January 2019 to 31 December 2019:

in TEUR	Consolidated state- ment of financial position as of 1.1.2019	Adjustments from first-time application of IFRS 16	Consolidated state- ment of financial po- sition as of 31.12.2018 without adjustments for IFRS 16
Assets			
Property, plant and equipment	862,819	196,061	666,758
Non-current assets	1,300,073	196,061	1,104,012
Total assets	3,310,797	196,061	3,114,736
Equity and liabilities			
Other reserves	133,089	-2,885	135,974
Equity	615,349	-2,885	618,234
Non-current financial liabilities	361,672	173,530	188,142
Non-current liabilities	744,290	170,645	573,645
Current financial liabilities	75,256	25,416	49,840
Current financial liabilities	1,948,273	25,416	1,922,857
Total equity and liabilities	3,310,797	196,061	3,114,736

in TEUR	Consolidated income statement 1-12/2019	Adjustments	Consolidated income statement 1-12/2019 without adjustments IFRS 16
Other operating expenses	-398,530	-40,073	-438,603
EBITDA	222,316	-40,073	182,243
Depreciation, amortisation and impairment expense	-167,594	33,357	-134,237
EBIT	54,722	-6,716	48,006
Finance costs	-32,709	7,787	-24,922
EBT	37,409	1,071	38,480
Income tax expense	-9,576	-274	-9,850
Profit/loss for the year	27,833	797	28,630

in TEUR	Consolidated cash flow statement 1-12/2019	Adjustments	Consolidated cash flow statement 1-12/2019 without adjustments IFRS 16
Cash flow from operating activities	249,850	-32,286	217,564
Cash flow from investing activities	-110,730	-4,255	-114,985
Cash flow from financing activities	121,762	36,541	158,303

Reconciliation of liabilities from operating leases as of 31 December 2018 to lease obligations as of the date of first-time application:

in TEUR	
Liabilities from operating leases as of 31.12.2018 in acc. with IAS 17	266,590
Less interest	-68,744
Liabilities from operating leases as of 31.12.2018 in acc. with note 18	197,846
Change in conditions as of 1.1.2019	1,100
Lease liabilities as of 1.1.2019 resulting from first-time application of IFRS 16	198,946

3.2. New accounting standards which have not yet been applied

The following standards and interpretations were not mandatory in reporting periods beginning on or after 1 January 2019 and the option to apply them early was not applied.

Standards and interpretations already adopted by the European Union

New standard or amendment	Date of publication by IASB	Date of adoption into EU law	Date of initial application
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC - 32 updating or clarifying which version of the conceptual framework they relate to	29.3.2018	29.11.2019	1.1.2020
Amendments to IAS 1 and IAS 8: Definition of Materiality	31.10.2018	29.11.2019	1.1.2020
Changes to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform	26.9.2019	15.1.2020	1.1.2020

Standards and interpretations not yet adopted by the European Union

New standard or amendment	Date of publication by IASB	Date of initial application
IFRS 17 Insurance Contracts	18.5.2017	1.1.2021
Amendments to IFRS 3 Definition of a Business	22.10.2018	1.1.2020
Changes to IAS 1 Classification of Liabilities as Current or Non-Current	23.1.2020	1.1.2022

4. Consolidation principles

Business combinations are accounted for in accordance with the acquisition method. According to this method, the assets acquired and liabilities assumed as well as contingent liabilities are measured on the acquisition date at their fair values attributable at this date. Where the difference between the acquisition costs and the attributable proportion of net assets valued at fair value shows an excess, this item is recognised as goodwill, which is not written off or amortised in regular amounts but is subjected to an annual test for impairment. Where any difference relates to a bargain purchase, its effect on net income is recognised immediately and presented in other operating income.

All accounts receivable and payable between consolidated companies are eliminated during debt consolidation. Intra-group income and expense are offset within the course of consolidation of income and expense. Intragroup profits or losses from intragroup deliveries are eliminated if these relate to significant amounts and the relevant assets are still recognised in the consolidated financial statements.

Shares in net assets of subsidiaries not attributable to PORR AG are presented separately within equity capital under the item “non-controlling interests”.

5. Accounting and measurement methods

5.1. Measurement principles

The annual financial statements of all companies included in the consolidated financial statements are prepared according to standard accounting and measurement methods.

Currency translation: The companies included in the consolidated financial statements prepare their annual financial statements in their respective functional currencies, whereby the functional currency is the relevant currency for the commercial activities of the company concerned. The functional currency for all of the companies included is the currency of the country in which the company concerned is domiciled.

The following key exchange rates were applied for the inclusion and currency translation of foreign subsidiaries:

	Mean exchange rate as of 31 Dec 2019	Average annual exchange rate 2019
CHF	1.08540	1.11114
CZK	25.41000	25.65892
NOK	9.86380	9.84438
QAR	4.08248	4.07226
PLN	4.25850	4.30176
RON	4.77930	4.75086

	Mean exchange rate as of 31 Dec 2018	Average annual exchange rate 2018
CHF	1.12690	1.15158
CZK	25.72500	25.67667
NOK	9.94830	9.62390
QAR	4.16833	4.29401
PLN	4.30000	4.26692
RON	4.66390	4.65579

Items in the consolidated statement of financial position are translated at the mean rate of exchange at the end of the reporting period and income statement items are translated at the annual mean rate of exchange for the business year as an arithmetic mean of all end-of-month quotations. Differences resulting from the currency translation are reported in other comprehensive income. These translation differences are recognised in the income statement at the date of disposal of the business activities.

In the event of company acquisitions, adjustments of the carrying amounts of the acquired assets and assumed liabilities to the fair value at the date of acquisition or, if applicable, goodwill, are treated as assets or liabilities of the acquired subsidiary and are, accordingly, subject to currency translation.

Exchange gains or losses on transactions undertaken by companies included in the consolidated group in a currency other than the functional currency are recognised in profit or loss for the period. Monetary items not denominated in the functional currency held by companies included in the consolidated group are translated at the mean rate applicable at the end of the reporting period. Exchange gains or losses resulting from this translation are also recognised in profit or loss.

Intangible assets are capitalised at acquisition cost and amortisation is recognised on a straight-line basis over the probable useful life.

	Rates of amortisation	
	2019	2018
Rental rights	1.22–50.0	1.22–50.0
Licences, software	8.33–50.0	8.33–50.0
Mining rights	depends on assets	depends on assets
Customer relations	14.3	14.3

The amortisation apportionable to the business year is shown in the income statement under the item “Depreciation, amortisation and impairment expense”.

If impairment is established, the relevant intangible assets are recognised at the recoverable amount, which is the fair value less costs of sale or the value in use, if higher. If the impairment ceases to apply, a reversal of the impairment is performed equivalent to the carrying amount that would have been determined had the impairment loss not been accrued.

Goodwill is recorded as an asset. In order to assess any impairment demand, goodwill of the cash-generating unit or groups of cash-generating units are assigned, which benefit from the synergies of the business combination. This cash-generating unit or groups of cash-generating units are tested once a year for impairment, as well as at any other time where circumstances exist that indicate there may be possible impairment.

Property, plant and equipment, with the exception of real estate, is valued at cost, including incidental costs less reductions in the acquisition costs, or at manufacturing cost, and was subject to the previously accumulated and regularly applied straight-line depreciation during the year under review, whereby the following rates of depreciation were applied:

	Rates of depreciation	
	2019	2018
Technical plants and machinery	10.0–50.0	10.0–50.0
Other plants, factory and business equipment	10.0–50.0	10.0–50.0

The depreciation rates are based on the probable useful life of the facilities. If impairment is determined, the relevant tangible assets are impaired to the recoverable amount, which is the fair value less costs of sale or the value in use, if higher. If the impairment ceases to apply, an impairment reversal is recognised equivalent to the carrying amount that would have been determined had the impairment expense not been accrued. Fundamental rebuilding work is recognised in the statement of financial position, while ongoing maintenance work, repairs and minor rebuilding work are recognised in profit or loss at the time they arose.

Real estate used for operational purposes is valued according to the revaluation method pursuant to IAS 16.31. External opinions or assessments from internal experts are used as the basis for determining fair values. The external assessments are held at periodic intervals of maximum five years; in the interim period assessments from internal experts are used to update the expert opinions. Revaluations are performed on a regular basis so that the carrying amounts do not deviate significantly from the fair values attributable at the end of the reporting period. The date for the revaluation for the end of the reporting period generally falls in the fourth quarter of the reporting year. The carrying amount is adjusted to the respective fair value by using a revaluation reserve in other comprehensive income. The revaluation reserve is reduced by the applicable deferred tax liability. Regular depreciation of revalued buildings is carried out pursuant to the straight-line method, where the depreciation rates essentially range from 1.0% to 4.0% (previous year: 1.0% to 4.0%), and is recognised in the income statement. On a subsequent sale or decommissioning of revalued land or buildings, the amount recorded in the revaluation reserve in respect of the relevant plot of land or building is transferred to retained earnings.

Rights of use in property, plant and equipment and real estate used for operational purposes conferred under lease agreements are recognised as future lease payments in the amount of their present value and written down on a straight-line basis over the term of the lease and/or under application of the specified rates of depreciation.

Assets under construction, including buildings under construction, which are intended for operational purposes or whose type of use has not yet been determined, are accounted for at acquisition cost or manufacturing cost less impairment. Depreciation or impairment of these assets commences upon their completion or attainment of operational status.

Investment property is real estate that is held for the purpose of generating rental income and/or for the purpose of its growth in value. This includes office and commercial premises, residential buildings and unimproved land. These are recognised at their fair values. Gains or losses from changes in value are reflected in profit or loss for the period in which the change in value occurred.

The fair value is determined using recognised valuation methods, namely as derived from the current market price, as derived from a price recently paid in a transaction with similar property, or – usually in cases where there is a lack of suitable market data – as derived from discounting estimated future cash flows, which are commonly generated on the market by this type of property under a rental agreement.

Rights of use in investment property conferred under lease agreements are recognised as future lease payments in the amount of their present value and measured at fair value in the subsequent periods.

Shares in associates and in joint ventures are accounted for at acquisition cost, which is apportioned between the pro rata net assets acquired at fair value and, if applicable, goodwill. The carrying amount is increased or decreased annually by the proportionate annual profit or loss, dividends received and other changes to equity capital. Goodwill is not subject to planned amortisation, rather it is assessed for impairment as a part of the relevant shareholding when circumstances exist that indicate there may be possible impairment.

Shares in consortiums (joint ventures): Group shares in profits and losses from consortiums classified as joint ventures are presented in the consolidated income statement under profit/loss from companies accounted for under the equity method. Group revenues from goods and services to consortiums are presented in the consolidated income statement under revenue. Capital paid into a consortium is entered under trade receivables (see note 24), together with profit shares and trade receivables for the relevant consortium and after deductions for withdrawals and general losses. If there is on balance a passive entry, this is included under trade payables (see note 37).

Shares in joint operations: The consolidated financial statements recognise the proportionate assets and liabilities and the proportionate expenses and income attributable to the PORR Group.

Raw materials and supplies are valued at the lower of acquisition cost and net realisable value.

Recorded under inventories, **real estate intended for sale** is valued at the lower of acquisition cost, manufacturing cost and net realisable value.

Acquisitions and sales of **financial assets** common to the market (spot transactions) are presented in the statement of financial position as of the settlement date.

Deferred tax items are recognised where there are temporary differences between the values of assets and liabilities in the consolidated financial statements on the one hand and the values for tax purposes on the other hand in the amount of the anticipated future tax expense or tax relief. In addition, a deferred tax asset for future asset advantage resulting from tax loss carryforwards is recognised if there is sufficient certainty of realisation. Temporary differences arising from the first-time recognition of goodwill constitute exceptions to this comprehensive tax deferral.

The determination of deferred taxes involves the tax rate applicable in the specific region, which is 25% for Austrian companies.

If a Group company purchases **treasury shares** in PORR AG, the value of the consideration paid, including directly attributable additional costs (net of income tax), will be deducted from the equity of PORR AG until the shares are retired or re-issued. If these shares are subsequently re-issued, the consideration paid (less deductions for directly attributable additional costs and related income taxes) will be recognised in the equity of PORR AG.

The provisions for severance payments, pensions and anniversary bonuses are determined by the projected unit credit method in accordance with IAS 19, which involves an actuarial assessment being performed by a recognised actuary on each reference date. In the valuation of these provisions for Austria and Germany, an interest rate for accounting purposes of 0.65% p.a. (previous year: 1.9%) was applied with increases of 2.0% (previous year: 2.0%) for pensions, 2.15% (previous year: 2.0%) for severance, and 2.15% (previous year: 2.0%) for anniversary bonuses. When determining provisions for severance payments and anniversary bonuses for Austria, deductions are made for fluctuations based on statistical data within a range of 0.4% to 10.5% (previous year: 0.4% to 10.5%) and for anniversary bonuses in Germany a range of 0.0% to 16.0% (previous year: 0.0% to 16.0%) was applied, while for severance payments in Poland a range of 0.0% to 9.25% was applied (previous year: 0.0% to 9.25%). When determining provisions for pensions, a pension increase of 2.0% p.a. (previous year: 2.0% p.a.) was applied in Austria and Germany. For Austrian companies the assumed retirement age is the earliest possible retirement age permitted by law following the 2004 pension reform (corridor pension), taking into account all transitional arrangements; for German companies the legal retirement age is used. The life table AVÖ 2018-P was used for calculating provisions in Austria (previous year: life table AVÖ 2018-P), while for Germany the life table Richttafeln 2018 G by Heubeck was used (previous year: life table Richttafeln 2018 G by Heubeck).

Actuarial gains and losses for severance payments and pensions are recognised in full in other comprehensive income, while anniversary bonuses are shown under profit or loss for the period. Service costs are shown and charged under staff expense. Interest paid is recorded under finance costs.

Other provisions take account of all currently discernible risks and contingent liabilities from past events whereby an outflow of resources is judged to be probable. They are recognised with the best estimate of the expenditure required to settle the present obligation if a reliable estimate exists. Provisions related to impending losses and damages and penalties from contracts are recorded in other provisions, in as far as the respective proportional contract values according to the percentage of completion are exceeded.

Lease obligations are measured at the present value of future lease payments. Interest charges are based on the interest rate on which the lease agreement is based. Should it not be possible to determine this rate, the Group's incremental borrowing rate of interest for the respective term is applied.

Financial instruments

Every financial instrument that falls under the scope of IFRS 9 is classified into measurement categories based on the business model underpinning it and the contractually agreed cash flow characteristics. Financial assets and liabilities are measured at fair value when they are initially recognised. In the subsequent period they are measured at amortised cost or fair value depending on the respective measurement category.

For financial instruments measured at amortised cost or at fair value through other comprehensive income, the expected credit loss model is applied for any impairment. Here a risk provision is formed on the date of acquisition in the amount of the twelve-month expected credit loss (stage 1). Should a significant increase in the credit risk occur, then the lifetime expected credit loss is recognised (stage 2). If there is objective evidence of actual impairment, then stage 3 applies.

For trade receivables, contract assets and lease receivables, the PORR Group uses the simplified approach pursuant to IFRS 9.5.15 and recognises the lifetime expected loss when calculating impairment. The Group draws on all available information when estimating the expected credit loss. This includes historic data and future-oriented information. As a general rule, no external creditworthiness assessments are available for financial instruments. The expected credit loss is calculated on the basis of the product from the expected net of the financial instrument, the probability of default for the period and the amount lost in the case of an actual loss.

The general impairment model is applied for loans (project financing) for companies accounted for under the equity method and other equity interests. Should no external creditworthiness assessments be available, then the credit risk is monitored using key performance indicators (KPIs) such as the day sales outstanding (DSO) and equity ratio for each equity interest.

Trade receivables and other financial receivables are measured at amortised cost, in the year under review allowances for expected credit losses were formed on the basis of historic default rates and forecast data.

Loans that exclusively have pre-agreed interest and redemption payments are recognised at amortised cost, all other loans are measured at fair value through profit or loss. No allowances for expected credit losses were formed in the business years as neither the historic data nor the forecast data resulted in loss rates.

Shares in GmbHs, non-consolidated companies and other shareholdings presented under **other financial assets** are valued at fair value through other comprehensive income, whereby they are mostly determined using measurement methods such as the discounted cash flow method. The limited shares also presented under other financial assets are measured at fair value through profit or loss.

Securities (shown under other financial assets and other non-current financial assets) are classified as being in the category FVTPL and measured at fair value.

Liabilities are measured at amortised cost according to the effective interest method.

Derivative financial instruments are measured at fair value through profit or loss. Hedge transactions are conducted in line with interest risk management and are measured in accordance with IFRS 9.

Revenues from contracts with customers

Revenue is recognised after deductions for sales tax, discounts and other reductions as well as other taxes related to sale. The point in time the revenue is realised depends on the type of revenue, described as follows:

For revenues from construction contracts, the revenue is realised over the period of the service rendered under application of the POC method. The probable contract revenue is shown under revenue in accordance with the respective percentage of completion. The basis for determining the percentage of completion is the services rendered to date relative to the overall services estimated. This also applies to revenues from contracts with customers that are realised in consortiums. Should appropriate conditions be met, multiple contracts are aggregated and measured together from across the Group. Variable purchase price components – especially supplements – shall be applied when it is highly probable that they will not lead to a reversal of the revenues already recognised. Invoices for advance payments are provided in line with a predefined payment plan that broadly corresponds to progress made on the construction project. In individual cases, the payment plans include a financing component that is recognised separately in the financing result as interest income.

Following the deduction of customer payments, the service rendered is recognised as a contract asset under trade receivables or as a contract liability under other liabilities if the payments received exceed the services rendered so far. If it is probable that the total contract costs will exceed the contract revenue, the expected loss is immediately recognised in full in the amount necessary to fulfil the contract. Contract-fulfilment costs are recognised and written down over the duration of the project as long as they would not have been incurred had the contract not been fulfilled.

Revenue from landfills and from the sale of raw materials are mostly realised at a point in time following transfer of the key opportunities and risks. Revenue from services arising from the management of real estate (property management) are realised over a period of time.

Interest income is defined in accordance with the effective interest method. The effective interest rate is any interest rate where the present value of future cash flow from the financial asset value corresponds to the carrying amount of the asset.

Dividend income from financial investments is recognised when legal title arises.

Borrowing costs resulting directly from the acquisition or production of qualifying assets, even those whose acquisition or manufacture takes up a considerable time period until the intended use or sale, form part of the cost of the asset and are therefore capitalised. Other borrowing costs are recorded as an expense in the period in which they were incurred.

In the prior period, 2018, leases were measured in accordance with IAS 17 as follows:

Leases were classified as finance leases when, according to the lease contract, all the risks and rewards relating to the ownership are essentially transferred to the lessee. All other leases were classified as operating leases.

The Group as lessor

The only lease agreements in use were classified as operating leases. The rental income from these contracts was recognised in net income on a straight-line basis over the term of the corresponding lease.

The Group as lessee

Assets held under finance leases were recorded as Group assets at their fair values or at the present value of the minimum lease payments if lower, at the beginning of the lease. The minimum lease payments were those amounts payable during the non-terminable term of the lease, including a guaranteed residual value. The corresponding liability owed to the lessor was recorded in the statement of financial position as obligations under finance leases. The lease payments were apportioned between interest paid and the reduction of the lease obligation in such a way as to achieve a constant rate of interest on the remaining liability. Interest expense was recognised in the income statement.

Rental payments on operating leases were recognised in profit or loss for the period on a straight-line basis over the term of the corresponding lease.

6. Key assumptions and key sources of estimation uncertainty

6.1. Key sources of estimation uncertainty

The following presents significant assumptions related to the future and other key sources of estimation uncertainty which could lead to significant adjustments in the consolidated financial statements for the following business year of results reported:

Provisions for severance and pensions

The valuation of existing pension and severance obligations relies on assumptions and estimates which could have a significant impact on the amounts recognised.

For pension provisions, the following actuarial assumptions were deemed relevant and the following margins were applied:

Discount rate +/-0.25 PP, Pension trend +/-0.25 PP, Life expectancy +/-1 year.

The sensitivity analysis of life expectancy was carried out on the basis of a shift in life expectancy for the total candidates of the respective plan.

The differences to the values disclosed in the statement of financial position (see note 34) are shown in the tables below as relative deviations:

2019	Interest +0.25 PP				Interest -0.25 PP			
	active	vested	liquid	total	active	vested	liquid	total
Pension DBO	-5.50%	-3.50%	-2.30%	-2.60%	5.90%	3.70%	2.40%	2.80%
	Pension trend +0.25 PP				Pension trend -0.25 PP			
	active	vested	liquid	total	active	vested	liquid	total
Pension DBO	5.80%	3.70%	2.40%	2.70%	-5.40%	-3.50%	-2.30%	-2.60%
	Life expectancy +1 year				Life expectancy -1 year			
	active	vested	liquid	total	active	vested	liquid	total
Pension DBO	4.50%	4.50%	7.10%	6.80%	-4.40%	-4.40%	-6.80%	-6.50%
2018	Interest +0.25 PP				Interest -0.25 PP			
	active	vested	liquid	total	active	vested	liquid	total
Pension DBO	-5.10%	-4.40%	-2.20%	-2.60%	5.50%	4.70%	2.20%	2.70%
	Pension trend +0.25 PP				Pension trend -0.25 PP			
	active	vested	liquid	total	active	vested	liquid	total
Pension DBO	5.50%	4.70%	2.20%	2.70%	-5.10%	-4.40%	-2.20%	-2.60%
	Life expectancy +1 year				Life expectancy -1 year			
	active	vested	liquid	total	active	vested	liquid	total
Pension DBO	4.10%	4.40%	6.50%	6.10%	-4.10%	-4.40%	-6.30%	-5.90%

For provisions for severance payments, the following actuarial assumptions were deemed relevant and the following margins were applied:

Discount rate +/-0.25 PP, Salary trend +/-0.25 PP, Fluctuation +/-0.5 PP up to 25th year of work, Life expectancy +/-1 year.

The sensitivity analysis of life expectancy was carried out on the basis of a shift in average life expectancy for the total candidates of the respective plan.

Impairment

Impairment tests on goodwill, other intangible assets and property, plant and equipment are primarily based on estimated future cash flows which are expected from the continuous use of an asset and its disposal at the end of its useful life. Factors such as lower revenues or rising expenditure and the resulting lower cash flows as well as changes to the discount factors used can lead to impairment due to a reduction in value or, as far as allowed, to a reversal of impairment due to an increase in value. The carrying amounts and the valuation assumptions applied to key impairment tests on goodwill are as follows:

2019	Goodwill in TEUR	Fair Value hierarchy	Method used	Business plan assumptions	Growth rate %	Discount rate after taxes %	Effective date
Road construction	7,704	-	Value in use	Revenue p.a. -6.3 - 10.0%	1	6.40	31.12.
PPI	11,056	-	Value in use	Revenue p.a. -8.06 - 2.0%	1	6.61	31.12.
Oevermann	44,170	-	Value in use	Revenue p.a. 0.0 - 6.5%	1	6.22	31.12.
BB Government	13,157	-	Value in use	Revenue p.a. 1.8 - 7.0%	1	6.20	31.12.
Hinteregger	20,180	-	Value in use	Revenue p.a. -18.0 - 21.1%	1	6.40	31.12.
PORR a.s.	12,363	-	Value in use	Revenue p.a. 1.1 - 11.5%	1	6.61	31.12.

2018	Goodwill in TEUR	Fair Value hierarchy	Method used	Business plan assumptions	Growth rate %	Discount rate after taxes %	Effective date
Road construction	7,704	-	Value in use	Revenue p.a. -4.0 - 3.6%	1	9.45	31.12.
PPI	10,949	-	Value in use	Revenue p.a. -12.2 - 6.9%	1	8.13	31.12.
Oevermann	44,170	-	Value in use	Revenue p.a. 0.0 - 2.1%	1	6.02	31.12.
BB Government	13,157	-	Value in use	Revenue p.a. 2.0 - 15.6%	1	5.99	31.12.
Hinteregger	23,388	-	Value in use	Revenue p.a. -31.6 - 19.9%	1	6.64	31.12.

The following shows the changes in parameters that would lead to impairment for the cash-generating unit of the Hinteregger Group.

2019 in TEUR	Discount rate +0.5%	EBITDA margin -10%
Hinteregger	-3,415	-4,896

Management assumes that there will not be any significant changes which could lead to impairment for the cash-generating unit of road construction, Porr Polska Infrastruktura (PPI), the Oevermann Group, the BB Government Group and PORR a.s.

7. Revenues

The gross revenues of TEUR 4,880,414 (previous year: TEUR 4,959,109) include the construction work of own construction sites, goods and services to consortiums, and other revenues from operating activities.

The following table shows total Group output by business area, in which the output from contracts carried out by consortiums is recognised in the amount of the proportion attributable to the company included in the consolidated financial statements, and then attributed to revenue.

2019 in TEUR	BU 1 – Austria, Switzerland	BU 2 – Germany	BU 3 – International	Holding	Group
Revenue					
Building construction					
Commercial/office construction	216,399	31,566	71,826	-	319,791
Industrial engineering	140,461	1,019	12,048	-	153,528
Miscellaneous building construction	124,187	141,404	70,885	5,024	341,500
Residential construction	427,971	110,294	46,853	-	585,118
Civil engineering					
Railway construction	81,430	28	161,183	-	242,641
Bridge/overpass construction	105,056	78,412	134,190	-	317,658
Miscellaneous civil engineering	240,809	251,482	55,975	6,897	555,163
Road construction	407,316	125,492	332,789	-	865,597
Tunnelling	60	155,708	368,053	-	523,821
Other sectors	718,519	76,685	121,313	59,080	975,597
Revenue	2,462,208	972,090	1,375,115	71,001	4,880,414
Revenue recognised over time	2,321,459	965,948	1,374,665	63,759	4,725,831
Revenue recognised at a point of time	140,749	6,142	450	7,242	154,583

2018 in TEUR	BU 1 – Austria, Switzerland	BU 2 – Germany	BU 3 – International	Holding	Group
Revenue					
Building construction					
Commercial/office construction	190,911	106,277	112,938	-	410,126
Industrial engineering	178,696	12,434	21,011	-	212,141
Miscellaneous building construction	171,164	120,784	73,095	8,372	373,415
Residential construction	481,599	71,976	30,059	-	583,634
Civil engineering					
Railway construction	93,719	-	198,799	-	292,518
Bridge/overpass construction	78,569	66,826	157,015	-	302,410
Miscellaneous civil engineering	196,012	187,815	55,589	6,126	445,542
Road construction	378,301	151,053	323,919	-	853,273
Tunnelling	-	54,148	461,201	-	515,349
Other sectors	663,511	84,408	145,067	77,715	970,701
Revenue	2,432,482	855,721	1,578,693	92,213	4,959,109
Revenue recognised over time	2,292,316	848,203	1,578,693	89,434	4,808,646
Revenue recognised at a point of time	140,166	7,518	-	2,779	150,463

The revenues can be subdivided as follows:

in TEUR	2019	2018
Revenues from construction contracts	4,587,380	4,655,427
Revenues from sales of raw materials and other services	293,034	303,682
Total	4,880,414	4,959,109

Revenue exclusively comprises revenue from customer contracts. Promised goods or services in the amount of TEUR 5,694,698 (previous year: TEUR 5,314,711) resulted in revenue of TEUR 3,179,413 (previous year: TEUR 2,848,392) in the following year and TEUR 2,515,285 (previous year: TEUR 2,466,319) in the subsequent periods.

8. Other operating income

in TEUR	2019	2018
Income from releases of provisions	29,661	33,394
Income from the sale of property, plant and equipment	23,076	17,887
Revenue from the provision of staff	18,955	26,189
Insurance payments	14,737	12,938
Exchange gains	17,614	14,437
Revenue from charging materials	7,153	10,144
Revenue from other charges passed on	20,324	19,979
Rent from space and land	6,307	4,996
Other income related to staff	1,725	6,380
Other	39,181	37,579
Total	178,733	183,923

Miscellaneous other operating income largely comprises deductions for the private use of company cars, compensation for damages in the course of realising tenders and additional services rendered.

9. Cost of materials and other related production services

in TEUR	2019	2018
Expenditure on raw materials and supplies and for goods received	-1,081,698	-1,068,261
Expenditure on services received	-2,204,976	-2,394,374
Total	-3,286,674	-3,462,635

10. Staff expense

in TEUR	2019	2018
Wages and salaries	-993,471	-952,294
Social welfare expenses	-235,797	-218,062
Expenditure on severance payments and pensions	-13,912	-8,442
Total	-1,243,180	-1,178,798

Expenditure on severance payments and pensions includes the prior service costs and contributions to the staff provision fund for employees who commenced employment with an Austrian group company after 31 December 2002 and voluntary severance payments. The interest expense arising from severance payments and pension obligations is presented under the item finance costs.

11. Depreciation, amortisation and impairment expense

Amortisation of TEUR 11,412 (previous year: 12,371) was applied to intangible assets and depreciation of TEUR 156,182 (previous year: TEUR 114,772) to property, plant and equipment, of which TEUR 3,208 (previous year: TEUR 2,727) relates to impairment. For further explanation see notes 17 and 18.

12. Other operating expenses

in TEUR	2019	2018
Legal and consultancy services, insurance	-65,553	-57,733
Buildings and land	-47,090	-66,654
Exchange losses	-15,960	-13,618
Fleet	-20,916	-36,145
Advertising	-17,730	-13,245
Office operations	-37,072	-32,214
Commission on bank guarantees	-18,885	-19,662
Other taxes	-15,844	-12,866
Contributions and fees	-8,294	-8,341
Training	-5,552	-4,525
Travel expenses	-37,493	-40,198
Other	-108,141	-68,668
Total	-398,530	-373,869

Other operating expenses essentially comprise taxes and duties, third party services and general administrative costs. Miscellaneous operating expenses from the previous year also included other rental payments from rental and leasing contracts of TEUR 32,975.

13. Income from financial investments and current financial assets

in TEUR	2019	2018
Income from shareholdings	2,640	3,191
of which from affiliated companies	(-)	(-)
Expenditure from shareholdings	-316	-489
of which from affiliated companies	(-77)	(-74)
Income/expenditure from current financial assets	2,008	1,051
Interest	11,064	14,713
of which from affiliated companies	(128)	(-)
Total	15,396	18,466

Under the item interest, interest of TEUR 1,520 (previous year: TEUR 2,339) (see note 45) to the UBM Group is included. This interest relates to financial assets measured at fair value through other comprehensive income.

14. Finance costs

in TEUR	2019	2018
Interest and similar expenditure relating to bonds and Schuldscheindarlehen	-8,594	-9,404
Other interest and similar expenses	-24,115	-13,255
of which from affiliated companies	(-5)	(-5)
of which interest expenditure from social overhead capital provisions	(-2,667)	(-2,627)
Total	-32,709	-22,659

As in the previous year, no borrowing costs were capitalised in the year under review. The capitalisation rate was between 0.01% and 7.44% (previous year: 0.2% and 6.4%).

15. Income tax

Income tax comprises the taxes on income and earnings paid or owed in the individual countries for the year under review and deferred taxes.

The calculation is based on tax rates that will be applicable pursuant to the prevailing tax laws or according to tax laws whose entry into force is essentially finalised, at the probable date of realisation.

in TEUR	2019	2018
Actual tax expense	17,460	20,530
Deferred tax expense (+)/income (-)	-7,884	1,406
Tax expense (+)/income (-)	9,576	21,936

The tax expense resulting from the application of the Austrian Corporation Tax rate of 25% can be reconciled to the tax expense as reported in the income statement as follows:

in TEUR	2019	2018
EBT	37,409	88,131
Theoretical tax expense (+)/income (-)	9,352	22,033
Differences in rates of taxation	3,635	-1,661
Tax effect of non-deductible expenditure and tax-exempt income	-398	-3,565
Income/expenditure from companies accounted for under the equity method	-3,361	-1,552
Changes in deferred tax assets not applied in relation to loss carryforwards and temporary differences	3,311	952
Effect from taxation changes	-388	-629
Tax expense (+)/income (-) related to other periods	-2,224	6,506
Other	-351	-148
Taxes on income	9,576	21,936

In addition to the tax expense recognised in the consolidated income statement, the tax effect of expenses and income charged to other comprehensive income was also recognised in other comprehensive income. The income recognised in other comprehensive income amounted to TEUR 3,977 (previous year: TEUR 1,414). Payouts from hybrid capital, profit-participation rights and costs of capital increase, each designated as equity capital, are tax deductible. The resulting tax of TEUR 2,807 (previous year: TEUR 2,807) was recognised directly in equity.

Summary of tax effects in other comprehensive income:

in TEUR	2019	2018
Revaluation reserve	-1,014	61
Remeasurement from defined benefit obligations	5,136	925
Remeasurement of equity instruments	-179	285
Reserve for cash flow hedges	26	136
Equity attributable to shareholders of parent	3,969	1,407
Equity attributable to non-controlling interests	8	7
Total	3,977	1,414

16. Earnings per share

Earnings per share are calculated by dividing the proportion of the annual profit relating to the shareholders of the parent company by the weighted average number of issued shares.

in TEUR	2019	2018
Profit/loss for the year attributable to shareholders of parent and holders of profit-participation rights/hybrid capital	25,541	62,726
Less shares attributable to holders of profit-participation rights/hybrid capital	-11,227	-8,563
Profit/loss for the year attributable to shareholders of parent	14,314	54,163
Weighted average number of issued shares	28,878,505	28,878,505
Prior basic earnings per share = diluted earnings per share in EUR	0.88	2.17
New basic earnings per share = diluted earnings per share in EUR	0.50	1.88

As there were no potential diluted transactions for the business years 2018 and 2019, the diluted earnings per share correspond to the basic earnings per share. The accounting method for calculating earnings per share was amended in 2019. The specifications of IAS 33 have been interpreted differently on the market in the past with regard to the presentation of hybrid financing shown in equity. In the course of acquiring the profit-participation rights in PORR Construction Holding GmbH, the presentation of the two instruments has been harmonised. From the business year 2019 the interest due on profit-participation rights and hybrid capital is allocated directly to the holders of profit-participation rights and hybrid capital. This has resulted in a corresponding decrease in earnings attributable to shareholders of the parent.

Reconciliation statement for the weighted number of shares:

	2019	2018
Issued shares as of 1 Jan	29,095,000	29,095,000
Less treasury shares	-216,495	-216,495
Issued shares less treasury shares as of 1 Jan	28,878,505	28,878,505
Weighted average of ordinary shares as of 31 Dec	28,878,505	28,878,505

17. Intangible assets

in TEUR	Concessions, licences and similar rights	Software	Goodwill	Other intangible assets	Payments on account and assets under construction	Total
Acquisition costs and manufacturing costs						
Balance as of 1 Jan 2018	33,156	56,257	108,176	12,928	-	210,517
Reclassification pursuant to IFRS 3.49	-	-	1,742	-	-	1,742
Additions/disposals due to changes in the consolidated group	-	492	12,220	-	-	12,712
Additions	972	3,221	-	-	-	4,193
Disposals	-56	-3,953	-3,957	-	-	-7,966
Reclassifications	20	2,714	-	-	-	2,734
Currency adjustments	29	-33	-343	-	-	-347
Balance as of 31 Dec 2018	34,121	58,698	117,838	12,928	-	223,585
Additions/disposals due to changes in the consolidated group	-2	9,859	2,240	-	-	12,097
Additions	-	3,371	-	-	5,681	9,052
Disposals	-886	-9,747	-3,806	-12,928	-291	-27,658
Reclassifications	-33,233	2,970	4,252	-	962	-25,049
Currency adjustments	-	23	255	-	-	278
Balance as of 31 Dec 2019	-	65,174	120,779	-	6,352	192,305
Accumulated amortisation and impairment						
Balance as of 1 Jan 2018	18,224	38,575	2,800	11,002	-	70,601
Additions/disposals due to changes in the consolidated group	-	320	-	-	-	320
Additions (planned amortisation)	2,144	5,858	-	1,642	-	9,644
Additions (impairment)	-	-	2,727	-	-	2,727
Disposals	-34	-3,930	-3,956	-	-	-7,920
Currency adjustments	23	-22	-	-	-	1
Balance as of 31 Dec 2018	20,357	40,801	1,571	12,644	-	75,373
Additions/disposals due to changes in the consolidated group	-2	69	-	-	-	67
Additions (planned amortisation)	530	7,390	-	284	-	8,204
Additions (impairment)	-	-	3,208	-	-	3,208
Disposals	-866	-9,710	-3,806	-12,928	-	-27,310
Reclassifications	-20,019	-10	4,252	-	-	-15,777
Currency adjustments	-	18	-	-	-	18
Balance as of 31 Dec 2019	-	38,558	5,225	-	-	43,783
Carrying amounts as of 31 Dec 2018	13,764	17,897	116,267	284	-	148,212
Carrying amounts as of 31 Dec 2019	-	26,616	115,554	-	6,352	148,522

Goodwill resulting from the acquisition of companies is tested for impairment at the level of the cash-generating unit or groups of cash-generating units to which it belongs in each particular case.

This applies to the segments as shown below:

in TEUR	Balance as of 1 Jan 2019	Currency adjustments	Newly acquired goodwill	Disposal of goodwill	Impairment	Balance as of 31 Dec 2019
BU 1 - Austria, Switzerland	11,396	-	41	-	-	11,437
BU 2 - Germany	57,328	-	-	-	-	57,328
BU 3 - International	47,290	254	-	-	-3,208	44,336
Holding	253	-	2,431	-231	-	2,453
Total	116,267	254	2,472	-231	-3,208	115,554

in TEUR	Balance as of 1 Jan 2018	Currency adjustments	Newly acquired goodwill	Disposal of goodwill	Impairment	Balance as of 31 Dec 2018
BU 1 - Austria, Switzerland	13,814	-	-	-	-2,418	11,396
BU 2 - Germany	57,328	-	-	-	-	57,328
BU 3 - International	33,672	-344	13,962	-	-	47,290
Holding	562	-	-	-	-309	253
Total	105,376	-344	13,962	-	-2,727	116,267

In the segment Business Unit 1 – Austria, Switzerland, goodwill of TEUR 7,704 is allocated to the cash-generating unit of road construction. In the segment Business Unit 2 – Germany, goodwill totalling TEUR 44,170 is allocated to the cash-generating unit of the Oevermann Group. In the segment Business Unit 3 – International, goodwill of TEUR 11,056 is allocated to the cash-generating unit Porr Polska Infrastructure. Further goodwill totalling TEUR 23,388 is allocated to the cash-generating unit of the Hinteregger Group, whereby impairment of TEUR 3,208 has been recognised. Goodwill of TEUR 12,363 has been recognised in the segment Business Unit 3 – International to the cash-generating unit of PORR a.s.

The impairment test involves comparing the total of the carrying amounts of the assets of the cash-generating unit to which goodwill was allocated in addition to the carrying amount of the goodwill allocated to this cash-generating unit, with the recoverable amount of the same assets. The recoverable amount of the cash-generating unit corresponds to the fair value less sale costs or the value in use, if this is higher. The fair value is determined on the basis of a DCF calculation. In cases where no fair value can be determined, the value in use, i.e. the present value of probable future cash flows generated by the segment, is laid down as the recoverable amount. The cash flows were derived from budgets for three to five years approved by the Executive Board and current as of the time the impairment tests were applied. More details on the parameters and sensitivity analyses used in impairment tests are given in note 6.1.

The comments under accounting and measurement methods explain the useful lives and methods of amortisation, depreciation and impairment.

The consolidated income statement contains impairment related to goodwill of TEUR 3,208 (previous year: TEUR 2,727), recognised under the item “Depreciation, amortisation and impairment expense”, as well as amortisation on other intangible assets. Impairment related to goodwill was applied due to a downturn in the market environment.

18. Property, plant and equipment

in TEUR	Land, land rights and buildings on land owned by others and assets under construction	Technical equipment and machinery	Other plant, factory and business equipment	Payments on account and assets under construction	Right of use – land and buildings	Right of use – technical equipment, machinery and other plant, factory and business equipment	Total
Acquisition costs, manufacturing costs and revaluations							
Balance as of 1 Jan 2018	464,049	413,640	150,773	18,067	14,014	155,567	1,216,110
Reclassification pursuant to IFRS 3.49	-	-1,197	3	-	-	-	-1,194
Additions/disposals due to changes in the consolidated group	3,985	3,159	1,731	1	-	5,016	13,892
Additions	27,805	31,942	44,163	13,551	736	53,591	171,788
Disposals	-8,710	-38,040	-34,426	-4,928	-320	-26,341	-112,765
Reclassifications	1,796	7,445	4,937	-11,605	2,524	-3,256	1,841
Currency adjustments	-544	-879	-213	-38	-	-94	-1,768
Revision arising from revaluation	-231	-	-	-	-	-	-231
Balance as of 31 Dec 2018	488,150	416,070	166,968	15,048	16,954	184,483	1,287,673
Adjustments due to first-time application of IFRS 16	-	-	-	-	158,615	37,446	196,061
Additions/disposals due to changes in the consolidated group	621	639	2,254	-	-	-180	3,334
Additions	41,946	52,261	40,085	10,095	25,375	67,370	237,132
Disposals	-19,115	-21,315	-30,581	-3,757	-1,557	-21,317	-97,642
Reclassifications	31,251	25,290	-196	-5,815	-	-23,437	27,093
Currency adjustments	789	693	405	16	131	252	2,286
Revision arising from revaluation	4,330	-	-	-	-	-	4,330
Balance as of 31 Dec 2018	547,972	473,638	178,935	15,587	199,518	244,617	1,660,267
Accumulated depreciation and impairment							
Balance as of 1 Jan 2018	203,921	254,128	80,054	177	6,240	58,830	603,350
Additions/disposals due to changes in the consolidated group	299	1,432	1,504	-	-	-	3,235
Additions (planned depreciation)	14,352	40,052	31,944	-	564	27,860	114,772
Disposals	-3,758	-43,096	-30,531	-177	-272	-22,678	-100,512
Reclassifications	842	-747	3,588	-	86	-2,841	928
Currency adjustments	-139	-561	-114	-	-	-44	-858
Balance as of 31 Dec 2018	215,517	251,208	86,445	-	6,618	61,127	620,915
Additions/disposals due to changes in the consolidated group	482	305	1,223	-	-	-12	1,998
Additions (planned depreciation)	16,993	43,378	34,030	-	15,131	46,650	156,182
Disposals	-13,217	-19,745	-27,455	-	-235	-18,384	-79,036
Reclassifications	19,097	20,192	58	-	-	-21,061	18,286
Currency adjustments	290	446	242	-	16	30	1,024
Balance as of 31 Dec 2019	239,162	295,784	94,543	-	21,530	68,350	719,369
Carrying amounts as of 31 Dec 2018	272,633	164,862	80,523	15,048	10,336	123,356	666,758
Carrying amounts as of 31 Dec 2019	308,810	177,854	84,392	15,587	177,988	176,267	940,898

Land, land rights and buildings, including buildings on land owned by others, includes reserves for raw materials amounting to TEUR 51,238 (previous year: TEUR 52,648), which is written off based on performance.

Scheduled depreciation is shown under “Depreciation, amortisation and impairment expense”.

The value of property under property, plant and equipment that was valued by an external expert at the end of the reporting period amounts to TEUR 27,174 (previous year: TEUR 27,294).

The carrying amount for property, plant and equipment pledged for security at the end of the reporting period is TEUR 36,022 (previous year: TEUR 36,247).

The carrying amount for land, land rights and buildings, including buildings on land owned by others and usage rights shown under intangible assets would have amounted to TEUR 294,267 (previous year: TEUR 263,852) under application of the cost model as of 31 December 2019.

Fair value of land and buildings

Determining the fair value of properties is carried out by way of a revolving cycle. Fair value is determined using recognised valuation methods, namely as derived from the current market price, as derived from a price recently paid in a transaction with similar property, or – usually in cases where there is a lack of suitable market data – as derived from discounting estimated future cash flows, which are commonly generated on the market by this type of property under a rental agreement. An internal valuation team determines the market value of any property that has not undergone an external valuation. Discussions related to the parameters that need to be applied to determine fair value (Level 3) are led by operational project developers, the Executive Board and the valuation team.

The various levels are defined as follows:

- Quoted (non-adjusted) prices in active markets for identical assets or liabilities (Level 1)
- Inputs which differ from the quoted market prices in Level 1, which are either indirectly observable (i.e. as a price) or directly observable (i.e. derived from the price) (Level 2).
- Inputs which are based on unobservable market data for the assets or liabilities (Level 3)

in TEUR	Fair value as of 31 Dec 2019		
	Prices quoted in active markets for identical assets Level 1	Other key observable inputs Level 2	Other key unobservable inputs Level 3
Property type			
Operating premises/storage	-	-	184,774
Gravel pit/stone quarry	-	-	69,092
Mix plant	-	-	12,533
Landfill	-	-	42,411

in TEUR	Fair value as of 31 Dec 2018		
	Prices quoted in active markets for identical assets Level 1	Other key observable inputs Level 2	Other key unobservable inputs Level 3
Property type			
Operating premises/storage	-	-	153,357
Gravel pit/stone quarry	-	-	62,700
Mix plant	-	-	11,430
Landfill	-	-	45,146

Range of unobservable inputs 2019

	Property type			
	Operating premises/storage	Gravel pit/stone quarry	Landfill	Mix plants
Valuation method	CE, CV	CE, CV	CE	CV
Capitalisation rate in %	4.70 - 10.00	4.50		
Rent in EUR/m ²	2.16 - 17.54			
Maintenance in % ¹	0.50 - 1.50			
Maintenance in % ²	3.00 - 14.00			
Vacancy rate in % ¹	7.50 - 10.00			
Vacancy rate in % ²	2.50 - 13.00			
Income in EUR/t		6.73 - 47.00	8.00 - 135.00	
Expenses in EUR/t		4.92 - 15.38		
Land value in EUR/m ²				15.00 - 45.00
Construction time in EUR/m ²				1,000.00 - 1,650.00

Range of unobservable inputs 2018

	Property type			
	Operating premises/storage	Gravel pit/stone quarry	Landfill	Mix plants
Valuation method	CE, CV	CE, CV	CE	CV
Capitalisation rate in %	5.00 - 7.50	4.50		
Rent in EUR/m ²	2.25 - 14.00			
Maintenance in % ¹	0.50 - 2.00			
Maintenance in % ²	4.00 - 5.00			
Vacancy rate in % ¹	3.00 - 10.00			
Vacancy rate in % ²	8.00 - 12.00			
Income in EUR/t		6.73 - 42.00	7.50 - 88.00	
Expenses in EUR/t		4.72 - 14.12		
Land value in EUR/m ²				15.30 - 45.40
Construction time in EUR/m ²				1,000.00 - 1,650.00

CE = capitalised earnings

CV = comparative value

¹ Discount from value of new construction

² Discount from value of gross annual income

The impact of unobservable inputs on fair value

- Capitalisation rate: the lower the capitalisation rate, the higher the fair value
- Rent: the higher the price per m², the higher the fair value
- Maintenance: the higher the anticipated cost of maintenance, the lower the fair value
- Vacancy rates: the higher the anticipated vacancy rates, the lower the fair value

Fair value is determined using internationally recognised valuation methods, namely as derived from the current market price, as derived from a price recently paid in a transaction with similar property, or – in cases where there is a lack of suitable market data – as derived from discounting estimated future cash flows that are commonly generated on the market by this type of property under a rental agreement.

Reconciliation of Level 3 valuations

in TEUR	Property type			
	Operating premises/storage	Gravel pit/stone quarry	Mix plants	Landfill
Balance as of 1 Jan 2019	153,357	62,700	11,430	45,146
Additions/disposals due to changes in the consolidated group	139	-	-	-
Additions	36,125	1,014	1,469	3,338
Disposals	-4,170	-998	-163	-567
Reclassifications	2,507	9,875	-100	-128
Currency adjustments	392	-1	53	55
Revision arising from revaluation	4,330	-	-	-
Planned depreciation	-7,906	-3,498	-156	-5,433
Balance as of 31 Dec 2019	184,774	69,092	12,533	42,411

in TEUR	Property type			
	Operating premises/storage	Gravel pit/stone quarry	Mix plants	Landfill
Balance as of 1 Jan 2018	134,466	66,729	10,845	48,088
Additions/disposals due to changes in the consolidated group	3,686	-	-	-
Additions	21,221	1,551	1,016	4,017
Disposals	-1,349	-2,938	-	-665
Reclassifications	1,037	-83	-	-
Currency adjustments	-388	-	-43	26
Revision arising from revaluation	-228	-	-3	-
Planned depreciation	-5,088	-2,559	-385	-6,320
Balance as of 31 Dec 2018	153,357	62,700	11,430	45,146

Leases

The following amounts arising from leases were recognised:

in TEUR	2019
Interest expense on lease liabilities	9,803
Short-term lease expense	46,677
Low-value lease expense	694
Total cash outflows from leases	75,526

The terms of the leases for property are between two and 65 years and for movable assets between two and 15 years.

Lease agreements for both property and movables sometimes include extension options that are only applied in the calculation of the lease liability if there is sufficient certainty that the option will actually be exercised.

Exercise prices for options to acquire an asset at the end of the lease term are only capitalised if there is sufficient certainty that the purchase option will actually be exercised. Variable lease payments, which are linked to an index, are measured at the applicable index on the date the asset is rendered. A revaluation is carried out if a significant event occurs or there is a material change in conditions. In case of a non-lease component, this is separated and not included in the rate.

The maturity profile of leases is presented in note 43.4.

19. Investment property

in TEUR	Investment property	Rights of use investment property	Total
Fair value			
Balance as of 1 Jan 2018	68,194	2,065	70,259
Additions for purchases	407	-	407
Additions for manufacturing costs	147	-	147
Disposals	-2,456	-	-2,456
Reclassifications	-3,627	-	-3,627
Adjustments to fair value	1,241	-	1,241
Balance as of 31 Dec 2018	63,906	2,065	65,971
Additions/disposals due to changes in the consolidated group	-20,128	-	-20,128
Additions for purchases	1,498	-	1,498
Additions for manufacturing costs	6,547	-	6,547
Reclassifications	2,192	-1,715	477
Adjustments to fair value	-274	-	-274
Balance as of 31 Dec 2019	53,741	350	54,091

The value of investment property, which was assessed by an external expert as of the reporting date, amounted to TEUR 1,324 (previous year: TEUR 7,140).

The rental income from investment property amounted to TEUR 556 in the year under review (previous year: TEUR 591). Operating expenses related to investment property for which there was no rental income in the year under review amounted to TEUR 170 (previous year: TEUR 99).

Investment property with a carrying amount of TEUR 1,170 (previous year: TEUR 1,715) is pledged as collateral for liabilities.

Reclassifications of TEUR 0 (previous year: TEUR 3,627) relate to the reclassification of properties into property, plant and equipment; properties of TEUR 477 (previous year TEUR 0) were reclassified out of property, plant and equipment.

Fair value of land and buildings

The fair value is determined according to recognised measurement methods, namely by being inferred from a current market price, by being inferred from a price attained in a transaction with similar items of real estate in the recent past – in the absence of suitable market data – by discounting estimated future cash flows that are usually generated in the market by this type of real estate in the course of letting.

in TEUR	Fair value as of 31 Dec 2019		
Property type	Prices quoted in active markets for identical assets Level 1	Other key observable inputs Level 2	Other key unobservable inputs Level 3
Office/commercial	-	-	10,844
Undeveloped properties	-	40,795	-
Other	-	-	2,102

in TEUR	Fair value as of 31 Dec 2018		
Property type	Prices quoted in active markets for identical assets Level 1	Other key observable inputs Level 2	Level 3
Office/commercial	-	-	9,379
Undeveloped properties	-	52,400	-
Other	-	-	2,126

Range of observable inputs 2019

Property type	Valuation method	Land value ¹ in EUR/m ²
Undeveloped properties	CV	5.00 - 132.00

Range of observable inputs 2018

Property type	Valuation method	Land value ¹ in EUR/m ²
Undeveloped properties	CV	22.00 - 150.00

CV = comparative value

¹ Without construction plans

Range of unobservable inputs 2019

Property type	Valuation method	Capitalisation rate in %	Rent in EUR/m ²	Maintenance in % ²	Vacancy rate in % ²
Office/commercial	CE, CV	5.00 - 7.50	2.00 - 15.00	15.00	10.00

Range of unobservable inputs 2018

Property type	Valuation method	Capitalisation rate in %	Rent in EUR/m ²	Maintenance in % ¹	Vacancy rate in % ¹
Office/commercial	CE, CV	5.00 - 7.50	3.00 - 8.50	0.75	3.00 - 5.00

CE = capitalised earnings

CV = comparative value

¹ Discount from value of new construction

² Discount from value of gross annual income

The impact of unobservable inputs on fair value

- Capitalisation rate: the lower the capitalisation rate, the higher the fair value.
- Rent: the higher the price per m², the higher the fair value.
- Maintenance: the higher the anticipated cost of maintenance, the lower the fair value.
- Vacancy rates: the higher the anticipated vacancy rates, the lower the fair value.

Reconciliation of Level 3 valuations

in TEUR	Property type	
	Office/commercial	Other
Balance as of 1 Jan 2019	9,379	2,126
Reclassifications	1,715	-
Adjustments to fair value	-250	-24
Balance as of 31 Dec 2019	10,844	2,102

in TEUR	Property type	
	Office/commercial	Other
Balance as of 1 Jan 2018	13,738	2,501
Disposals	-2,243	-
Adjustments to fair value	-401	-25
Balance as of 31 Dec 2018	11,094	2,476

20. Shares in companies accounted for under the equity method

The requisite disclosures pursuant to IFRS 12 have been made for associates and joint ventures that are designated as significant by the PORR Group for reasons of quality or quantity. For seven companies the Group holds the majority of shares, however there is no control due to a shareholder agreement and so the companies are accounted for under the equity method.

Associated companies

The following associate is “Joint Venture Al Wakrah Stadium & Precinct Main Works & Masterplan”, in which the PORR Group holds 33.3% (previous year: 33.3%). The purpose of the company is to build the Al Wakrah Stadium, the main venue for the 2022 FIFA World Cup in Qatar.

in TEUR	2019	2018
Revenue	81,234	260,012
Profit for the year	18,760	29,374
Other comprehensive income	483	869
Total comprehensive income	19,243	30,243
Current assets	55,982	84,716
Current liabilities	-36,276	-62,152
Net assets	19,706	22,564
Group share of net assets as of 1 Jan	7,521	4,427
Group share of total comprehensive income	6,415	10,080
Dividends received	-7,367	-6,986
Group share of net assets as of 31 Dec	6,569	7,521
Carrying amount of companies accounted for under the equity method as of 31 Dec	6,569	7,521

Disclosures on associated companies of minor significance

in TEUR	2019	2018
Carrying amount of companies accounted for under the equity method as of 31 Dec	19,133	25,034
Group share of		
profit/loss for the year	4,527	4,184
other comprehensive income	109	295
Total comprehensive income	4,636	4,479

The accumulated amount of non-recognised shares of losses of associates as of 31 December 2019 is TEUR 0 (previous year: TEUR 4).

Joint ventures

The following joint venture is KMG – Klinikum Management Gesellschaft mbH and its subsidiary Klinikum Austria Gesundheitsgruppe GmbH (KMG Group), both domiciled in Austria. In 2019 the PORR Group gained control over the former material joint venture “hospitals” Projektentwicklungsges.m.b.H. and thereby now directly holds 50% (previous year: 0%) of shares in the KMG Group. The company works in developing and preparing hospital projects.

in TEUR	2019
Revenue	56,604
Tax expense	-2,240
Profit/loss for the year	4,937
Total comprehensive income	4,937
Non-current assets	43,233
Current assets	15,304
of which cash and cash equivalents	(7,144)
Non-current liabilities	-14,380
of which non-current financial liabilities	(-14,380)
Current liabilities	-12,829
of which current financial liabilities	(-2,000)
Net assets	31,328
Net assets of non-controlling interests	-7,952
Net assets of controlling shareholder	23,376
Group share of net assets as of 1 Jan	-
Addition of share of net assets	11,688
Goodwill	15,655
Group share of net assets as of 31 Dec	27,343
Carrying amount of companies accounted for under the equity method as of 31 Dec	27,343

Another significant joint venture is Hamad Bin Khalid Contracting – PORR Qatar Construction JV W.L.L., based in Qatar, in which the PORR Group holds a direct interest of 45% (previous year: 45%). The purpose of the company is the design and build of the Musaimeer pump station as an extension of the Abu Hamour Tunnel including the outflow tunnel and diffuser field south of Doha.

in TEUR	2019	2018
Revenue	67,962	30,814
Tax expense	-144	-
Profit/loss for the year	6,814	2,928
Other comprehensive income	47	89
Total comprehensive income	6,861	3,017
Current assets	30,714	8,515
of which cash and cash equivalents	(-)	(8,515)
Current liabilities	-20,813	-5,475
of which current financial liabilities	(-2,849)	(-)
Net assets	9,901	3,040
Group share of net assets as of 1 Jan	1,368	-
Founding capital	-	10
Group share of total comprehensive income	3,087	1,358
Group share of net assets as of 31 Dec	4,455	1,368
Carrying amount of companies accounted for under the equity method as of 31 Dec	4,455	1,368

Disclosures on joint ventures of minor significance

in TEUR	2019	2018
Carrying amount of companies accounted for under the equity method as of 31 Dec	28,581	59,277
Group share of		
profit/loss for the year	55,028	57,385
other comprehensive income	132	-136
Total comprehensive income	55,160	57,249

The share of the Group in the annual profit also includes the pro-rata earnings from non-significant consortiums amounting to TEUR 34,100 (previous year: TEUR 46,406), which is recognised under trade receivables and payables (see note 5.1).

As of 31 December 2019, the accumulated amount of non-recognised shares of losses of joint ventures for the business year 2019 is TEUR 431 (previous year: TEUR 1,808).

The joint ventures listed below represent the ten largest consortiums measured by proportionate annual revenue; the disclosures on financial information represent 100%.

Consortium	Share in consortium in %		Activity	Location
	2019	2018		
ATCOST21	61	61	Construction of Filder, Obertürkheim and Untertürkheim tunnels	Germany
H51 Pfnos-Brenner	55	55	Main lot of the Brenner Base Tunnel	Austria
Albaufstieg Tunnel	58	58	Tunnelling lots 1, 2 and 3	Germany
CE Mur power plant Graz	60	60	Construction of a Mur power plant	Austria
Reconstruction Albulatunnel II	40	40	Construction of a 6 km long replacement tunnel from Albulatal to Engadin	Switzerland
ARGE Bau Rotholz	60	60	Construction of an educational and research facility in Tyrol	Austria
ARGE Parlament	50	50	Renovation and adaptation of the Austrian Parliament building	Austria
GKI Triebwasserweg Maria Stein	33.33	33.33	Construction services for the Inn joint venture hydropower plant, lot MSBC "Triebwasserweg Maria Stein"	Austria
ARGE S31 SAB	50	-	Expansion of a section of the S31 motorway	Austria
ARGE CPC	37.5	37.5	Planning and installation of overhead conductor rails and overhead lines for the Ceneri Base Tunnel / lot 2	Switzerland

2019 in TEUR	ATCOST21	H51 Pfnos- Brenner	Albauf- stieg Tunnel	CE Mur power plant Graz	Reconstr. Albula- tunnel II	ARGE Bau Rotholz	ARGE Parlament	GKI Trieb- wasserweg Maria Stein	ARGE S31 SAB	ARGE CPC
Revenue	191,697	88,257	54,820	44,454	19,103	21,878	24,216	32,818	31,232	40,844
Depreciation, amortisation and impairment	-4,069	-1,898	-493	-106	-1,293	-	-231	-580	-24	-309
Interest expense	-	-	-	-	-104	-	-	-	-	-1
Non-current assets	3,146	2,726	296	432	-	-	496	-	37	11
Current assets	237,456	32,211	79,257	20,801	31,996	6,734	21,342	3,402	12,847	46,315
of which cash and cash equivalents	(17,284)	(13,549)	(12,240)	(1,236)	(1,352)	(3,067)	(5,788)	(799)	(707)	(1,035)
Non-current liabilities	-	-	-	-	-	-	-	-	-	-
of which non-current financial liabilities	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Current liabilities	-240,602	-34,937	-79,553	-21,233	-31,996	-6,734	-21,838	-3,402	-12,884	-46,326
of which current financial liabilities	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Net assets	-	-	-	-	-	-	-	-	-	-

2018 in TEUR	ATCOST21	H51 Pfnos- Brenner	Albauf- stieg Tunnel	CE Mur power plant Graz	Reconstr. Albula- tunnel II	ARGE Bau Rotholz	ARGE Parlament	GKI Trieb- wasserweg Maria Stein	ARGE S31 SAB	ARGE CPC
Revenue	161,912	6,429	110,859	35,509	29,869	6,810	12,461	44,890	-	88,489
Depreciation, amortisation and impairment	-5,725	-186	-781	-294	-1,420	-137	-148	-3,798	-	-197
Interest expense	-	-	-	-	-122	-	-	-	-	-26
Non-current assets	5,094	288	777	655	1,170	-	425	-	-	297
Current assets	188,720	23,173	89,075	57,672	25,575	1,819	11,969	95,932	-	72,400
of which cash and cash equivalents	(9,241)	(18,757)	(21,455)	(2)	(1,537)	(1,385)	(1,915)	(1,671)	(-)	(2,984)
Non-current liabilities	-	-	-	-	-	-	-	-	-	-
of which non-current financial liabilities	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Current liabilities	-193,814	-23,461	-89,852	-58,327	-26,745	-1,819	-12,394	-95,932	-	-72,697
of which current financial liabilities	(-)	(-)	(-)	(-65)	(-)	(-)	(-)	(-)	(-)	(-)
Net assets	-	-	-	-	-	-	-	-	-	-

The Group's share of the profit for the period of these significant consortiums amounts to TEUR 18,574 (previous year: TEUR 13,872) and is allocated to trade receivables and payables (see note 5.1).

21. Loans

in TEUR	2019	2018
Loans to companies accounted for under the equity method	29,219	17,231
Loans to companies in which an equity interest is held	30,654	31,002
Other loans	23,461	569
Total	83,334	48,802

22. Other financial assets

in TEUR	2019	2018
Shareholdings in non-consolidated subsidiaries	238	266
Other shareholdings	5,301	5,335
Other equity interests/debt instruments	31,464	35,975
Total	37,003	41,576

The other equity interests relate to granting perpetual hybrid capital of TEUR 25,330 with an interest rate of 6.0% to UBM Development AG. Ordinary termination by PORR AG is excluded. Interest payments are dependent on whether UBM Development AG resolves to pay out a dividend from the annual surplus. If there is a year in which no payout of dividends from the annual surplus is passed by UBM Development AG, then UBM Development AG is not obliged to pay any interest in the same year, whereby in this instance the interest is not cancelled but remains due. The carrying amount stood at TEUR 25,895 as of the reporting date (previous year: TEUR 25,179).

The remaining debt instruments of TEUR 5,569 (previous year: TEUR 10,796) mainly comprise fixed-interest items. They are not subject to any restrictions on disposal.

23. Inventories

Inventories comprise the following items:

in TEUR	2019	2018
Finished and unfinished products and merchandise	5,737	5,584
Raw materials and supplies	68,607	66,408
Payments on account	1,686	10,806
Total	76,030	82,798

Allowances of TEUR -603 (previous year: TEUR -548) were recognised on products and merchandise in the year under review. No inventories were pledged as collateral for liabilities.

24. Trade receivables

Contract assets

The client contracts valued in accordance with the POC method at the end of the reporting period are stated as follows:

in TEUR	2019	Recorded as a receivable	Recorded as a liability
Contract assets	3,644,885	2,335,114	1,309,771
of which unrealised partial gains	(122,658)	(92,118)	(30,540)
Less attributable payments on account	-3,281,597	-1,687,155	-1,594,442
Net	363,288	647,959	-284,671

in TEUR	2018	Recorded as a receivable	Recorded as a liability
Contract values defined according to POC method	3,262,707	2,506,643	756,064
of which unrealised partial gains	(104,750)	(87,985)	(16,765)
Less attributable payments on account	-2,865,821	-1,898,390	-967,431
Net	396,886	608,253	-211,367

Proportional contract values capitalised according to the percentage of completion of the contract as of 31 December 2019 are balanced by contract costs valued at TEUR 3,522,227 (previous year: TEUR 3,157,957), so that the recognised profit for these contracts amounts to TEUR 122,658 (previous year: TEUR 104,750).

Changes to the contract assets were as follows in the period under review:

Increase caused by:

- Newly started construction service contracts or progress made on projects

Decrease caused by:

- Completed construction service contracts and those for which a final invoice has been issued
- Advance payments received

Shares of the profits from consortiums are allocated to receivables from consortiums. Advances received, including preliminary payments on invoices for partial delivery, are allocated to liabilities, where these exceed proportional contract values capitalised according to the percentage of completion of the contract. Impending losses and damages and penalties from contracts are recorded in provisions, in as far as the respective proportional contract values according to the percentage of completion are exceeded.

Composition and maturity terms of trade receivables

in TEUR	31.12.2019	Remaining term > 1 year	31.12.2018	Remaining term > 1 year
Trade receivables	680,085	62,424	723,085	63,190
Contract assets	647,959	-	608,253	-
Receivables from consortiums	152,867	7,934	130,391	8,476
Total	1,480,911	70,358	1,461,729	71,666

Trade receivables are classified as current in accordance with IAS 1 as they are to be settled within the entity's normal operating cycle. The significant payment terms from contracts with customers under which revenue is realised over a period of time specify payment 30 days after the review period of the issue of a monthly invoice. In individual cases, payments follow a specific payment schedule based on the project. Contracts with customers under which revenue is realised at a point in time specify payment 30 days after the service has been rendered and/or the invoice has been issued.

Trade receivables include contractual retentions of TEUR 53,356 (previous year: TEUR 55,743).

in TEUR	2019	2018
Trade receivables before allowances	834,478	892,675
Impairment allowances as of 1 Jan	169,590	106,203
Additions	50,571	98,940
Appropriation	-60,257	-29,877
Reversal	-5,511	-5,676
Balance as of 31 Dec	154,393	169,590
Carrying amount of trade receivables	680,085	723,085

Maturity structure of receivables

in TEUR	2019	2018
Carrying amount as of 31 Dec	680,085	723,085
of which not overdue at closing date	453,731	471,972
of which overdue at closing date in the following time periods		
less than 30 days	32,461	37,327
between 30 and 60 days	12,442	18,608
between 60 and 180 days	20,886	23,798
between 180 and 360 days	25,429	54,320
more than 360 days	135,136	117,060

In the above-mentioned overdues, amounts of ongoing invoice checks are also included, which could take up to 120 days to settle. Allowances for impairment were included at reasonable amounts.

25. Other financial assets

in TEUR	31.12.2019	Remaining term > 1 year	31.12.2018	Remaining term > 1 year
Loans	23,000	-	87	-
Receivables from companies accounted for under the equity method	22,674	17,250	37,112	12,590
Receivables from other shareholdings	9,691	-	9,691	-
Receivables from insurance	225	-	170	-
Other	57,545	9,702	75,153	12,436
Total	113,135	26,952	122,213	25,026

Forward contracts at fair value amounting to TEUR 1,763 (previous year: TEUR 2,424) are included in other financial assets (see note 43). In addition, this item contains TEUR 5,078 (previous year: TEUR 4,287) of receivables from deposits, as well as receivables from the UBM Group totalling TEUR 4,620 (previous year: TEUR 14,473) (see note 45).

Contractual retentions amounting to TEUR 168 (previous year: TEUR 1,223) are included in receivables from non-consolidated subsidiaries, companies accounted for under the equity method and other shareholdings.

26. Other receivables and assets

in TEUR	31.12.2019	Remaining term > 1 year	31.12.2018	Remaining term > 1 year
Tax receivables	11,148	-	23,001	-
Receivables from supplier payments	33,990	-	24,582	-
Other	2,375	-	1,637	-
Total	47,513	-	49,220	-

27. Cash and cash equivalents

The cash and cash equivalents include cash at banks amounting to TEUR 581,665 (previous year: TEUR 319,320) and cash in hand of TEUR 225 (previous year: TEUR 354).

28. Non-current assets held for sale

In 2018 the non-current assets held for sale related to one property in the segment Business Unit 3 – International for which the sale was concluded in the 2019 business year. As of 31 December 2019, there were no non-current assets held for sale.

29. Deferred tax assets

The following tax deferrals presented in the statement of financial position arise from temporary differences between the valuations in the IFRS consolidated financial statements and the respective valuations for tax purposes as well as from utilisable loss carryforwards:

in TEUR	2019		2018	
	Assets	Liabilities	Assets	Liabilities
Non-current assets, lease obligations	158,497	130,799	85,307	74,580
POC method	-	113,181	-	97,104
Untaxed reserves	-	3,020	-	3,135
Provisions	27,779	8,091	21,767	9,118
Others	152	-	-	-
Tax loss carryforwards	38,122	-	33,732	-
Off-setting	-209,030	-209,030	-126,249	-126,249
Deferred taxes	15,520	46,061	14,557	57,688

Deferred tax assets based on loss carryforwards are recognised to the extent that these can probably be offset against future taxable profits.

Non-capitalised deferred tax assets derived from loss carryforwards amount to TEUR 64,061 (previous year: TEUR 68,017), of which losses of TEUR 57,514 can be carried forward without restriction, while TEUR 6,547 can be carried forward for the next five years.

30. Share capital

	No. 2019	EUR 2019	No. 2018	EUR 2018
Ordinary bearer shares	29,095,000	29,095,000	29,095,000	29,095,000
Total share capital	29,095,000	29,095,000	29,095,000	29,095,000

The shares are ordinary no-par shares. Each ordinary share has a pro-rata interest of EUR 1.00 in the share capital of EUR 29,095,000 and participates in profits to the same extent and each share entitles the bearer to one vote at the Annual General Meeting (AGM). The shares are no-par bearer shares.

As of 31 December 2019, the company held a total of 216,495 treasury shares (previous year: 216,495 shares), respectively 0.74% of the share capital. In accordance with Section 65 Paragraph 5 of the Stock Corporation Act, the company does not have any rights, particularly voting rights, from the treasury shares.

Authorised capital

The Executive Board is authorised, in accordance with Section 169 of the Stock Corporation Act, to increase the share capital of the company within five years of entry of the authorisation of the Annual General Meeting granted on 29 May 2018 being entered in the Commercial Register, with the approval of the Supervisory Board, in multiple tranches if so wished, to EUR 4,364,250 by issuing up to 4,364,250 no-par value shares for cash or consideration in kind – in either case also in multiple tranches, also in the course of direct subscription rights in accordance with Section 153, Paragraph 6 Stock Corporation Act – (authorised capital), whereby the issue price, which may not be lower than the pro rata share of share capital, the conditions of issue, the subscription ratio, and other details are to be determined by the Executive Board with the approval of the Supervisory Board. The Executive Board is authorised, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in full or in part:

- i) if the capital increase is in exchange for consideration in kind or
- ii) if the capital increase is in exchange for cash and
 - A) the arithmetic total of the cash consideration of the share of share capital in the company, under exclusion of subscription rights, does not exceed the limit of 10% of the company's share capital at the time the authorisation is exercised,
 - B) the capital increase is in exchange for cash contributions for the purpose of servicing a greenshoe option,
 - C) or is used to balance out uneven amounts.

The Supervisory Board is authorised to rule on changes to the statutes which result from the Executive Board exercising this entitlement.

31. Reserves

The capital reserves result largely from the capital increases, adjustments and statute-barred dividend claims arising from previous years and the current year, less the costs for the capital increase. The capital reserves include an amount of TEUR 192,764 (previous year: TEUR 192,764), the release of which is restricted. It may only be released to compensate for a loss which would otherwise be presented in the annual financial statements of PORR AG, to the extent that free reserves are not available to cover this.

The other reserves comprise the revaluation reserves in accordance with IAS 16, the currency translation reserves for the annual financial statements of subsidiaries in foreign currencies, the reserves for cash flow hedges, reserves for remeasurement from benefit obligations and reserves for equity instruments, retained earnings of PORR AG including the statutory reserve and the untaxed reserves after deducting deferred tax items, retained post-acquisition profits from subsidiaries and the effects of adjusting the annual financial statements of companies included in the consolidated financial statements to the accounting and measurement methods used in the consolidated financial statements. Treasury shares as of 31 December 2019 were deducted from reserves and amounted to 216,495 shares as of the reporting date. Due to disposal of assets, an amount of TEUR 2,810 was reclassified from the revaluation reserve into retained earnings.

In the year under review, the shareholders of PORR AG received a dividend of EUR 1.10 per share entitled to dividends, with the remaining balance carried forward to new account.

Net earnings amounting to TEUR 11,742 are available for distribution to shareholders in PORR AG. From the unrestricted retained earnings of PORR AG, totalling TEUR 183,898 as of 31 December 2019, an amount of TEUR 18,192 is restricted from distribution in accordance with Section 235 Paragraph 2 of the Austrian Commercial Code. The residual amount of TEUR 165,706 may be released and distributed to the shareholders of PORR AG. The statutory reserve of PORR AG of TEUR 458 (previous year: TEUR 458) may only be released to compensate for an accumulated loss which would otherwise be incurred, whereby the release to cover the loss is not impeded by free reserves being available to compensate for the loss. From the net retained profits recognised in the statement of financial position of EUR 11,741,894.48, the Executive Board proposes to pay a dividend of EUR 0.40 per share entitled to dividends, with the remaining balance to be carried forward to new account.¹

¹ In a change to the original proposal, in a Supervisory Board meeting on 23 April 2020, the Supervisory Board and the Executive Board decided to propose to the Annual General Meeting not to pay out any dividends for the 2019 business year and to carry the entire net retained profits forward to new account.

Hybrid capital

As part of a PORR AG bond emission programme, a bond exchange was carried out in October 2014, in which holders of bonds issued by PORR AG in the years 2009 and 2010 were publicly invited to exchange these bonds. Included here was the issue of a subordinated hybrid bond with a total nominal value of EUR 17,054,500. The hybrid bond was increased in the business year 2015 to EUR 25,000,000 in the course of a private placement. The partial debentures of this hybrid bond were issued with a denomination of EUR 500 and are fixed at 6.75% p.a. until 27 October 2021 during an unlimited term, after which they are subject to variable interest as of 28 October 2021 (3-month EURIBOR plus a premium of 8.5% p. a.). In February 2017 PORR AG issued another subordinated hybrid bond with a total nominal value of EUR 125,000,000. The partial debentures of this hybrid bond, which is a perpetual bond, were issued with a denomination of EUR 1,000 and are subject to fixed interest of 5.5% p.a. until 6 February 2022 and subject to variable interest from 7 February 2022 (5-year ISDAFIX2 swap rate plus margin of 10.312% p.a.). As payments of interest and capital redemption are only compulsory when the conditions are activated, where their activation can be authorised or prevented by PORR AG, and the Group therefore has the option of avoiding payment permanently, this hybrid capital is categorised as an equity instrument. Interest of TEUR 8,562, which is paid on the hybrid capital, less any tax effect, is recorded directly in equity as a deduction.

32. Equity from profit-participation rights

The profit-participation rights were issued by PORR Construction Holding GmbH, a subsidiary 100% of whose nominal capital is held by PORR AG. The outstanding profit-participation rights with a total nominal value of TEUR 40,000, whose issuance conditions are in accordance with debentures, have been issued for an unspecified length of time. In the course of a change in issuer, in November 2019 PORR AG assumed the entire contractual relationship relating to the profit-participation rights in PORR Construction Holding GmbH including all related rights and obligations. Consequently, the profit-participation rights were reclassified out of the item non-controlling interests and into earnings attributable to shareholders of the parent.

From 1 January 2016 up to and including 31 December 2020 the interest amounts to 6.66% p.a. of the nominal capital of the profit-participation rights. From 1 January 2021 until 31 December 2025 inclusive, the annual interest will be 6.0% p.a. of the nominal capital of the profit-participation rights. From 1 January 2026 the annual interest will be 13.0% p.a. of the nominal capital of the profit-participation rights.

PORR AG is only obliged to pay interest if it decides to pay shareholders a dividend from the annual surplus. PORR AG is not obliged to pay the due interest for one year in the absence of a profit payout, and if it utilises its right not to pay, then this unpaid interest is kept in arrears which must be paid as soon as PORR AG decides to pay a dividend from the annual surplus to its shareholders. In the case of dismissal by the issuer or the extraordinary notice of dismissal by the bearers of profit-participation rights, the capital from profit-participation rights becomes due to the bearers, in addition to the valid interest accrued by this date and outstanding interest.

As payments on the profit-participation rights – interest as well as capital redemption – are only compulsory when the conditions are activated, where their activation can be authorised or prevented by PORR AG, and the Group therefore has the option of avoiding payment on this part of the profit participation rights permanently, these profit-participation rights are categorised as equity instruments. Interest in the amount of TEUR 2,664, which is paid on these profit-participation rights, less any tax, is recorded directly in equity as a deduction.

33. Non-controlling interests

The shares in equity of subsidiaries which are not owned by PORR AG or a shareholder of the Group are presented in equity under non-controlling interests. The share of non-controlling interests in subsidiaries is of minor significance

34. Provisions

in TEUR	Severance	Pensions	Anniversary bonuses	Indemnities	Constructions/ Other	Recultivation	Total
Balance as of 1 Jan 2019	73,247	40,289	19,811	3,671	133,757	12,132	282,907
Additions/disposals from changes to the consolidated group	118	20	-5	-	37	-	170
Transfer	4,911	991	6,250	114	99,501	2,936	114,703
OCI changes							
from changes to demographic assumptions	-146	-	-	-	-	-	-146
from changes to financial assumptions	8,351	7,537	-	-	-	-	15,888
from changes to experience based adjustments	4,591	145	-	-	-	-	4,736
Appropriation	-9,938	-2,732	-1,568	-519	-33,470	-970	-49,197
Reversal	-	-58	-	-	-29,513	-148	-29,719
Balance as of 31 Dec 2019	81,134	46,192	24,488	3,266	170,312	13,950	339,342
of which non-current	81,134	46,192	24,488	3,266	-	13,950	169,030
of which current	-	-	-	-	170,312	-	170,312

PORR AG and its subsidiaries must pay their employees in Austria and Germany anniversary bonuses on certain anniversaries in accordance with collective agreements. The provision for anniversary bonuses was determined in accordance with the provisions of IAS 19 on other long-term benefits. Please refer to the notes on accounting and measurement methods with regard to the actuarial assumptions underlying the calculation.

At TEUR 8,336 (previous year: TEUR 12,260), provisions for constructions contain provisions for impending losses arising from the order backlog and, at TEUR 82,377 (previous year: TEUR 76,765), provisions for guarantees and TEUR 78,616 (previous year: TEUR 37,927) for provisions for damages and penalties. Provisions for damages and penalties contain provisions for potential penalty payments from ongoing antitrust proceedings. Provisions for impending losses are based on current contract calculations. Provisions for guarantees and other contract risks are determined on the basis of an individual assessment of the risks. Claims arising against the Group from these risks are deemed to be probable; the recognised amount corresponds to the best possible estimate of the amount of the claim. As construction contracts can take several years to be carried out, and any claim possibly precedes a long ongoing legal dispute, the time of the claim is uncertain but will, as a rule, lie within the relevant operating cycle. Provisions for rehabilitation that also contain aftercare obligations are mainly formed for the landfill business of BU 1 – Austria, Switzerland. The provisions are allocated on the basis of the amounts of landfill over the operating life in instalments and are used across the term of the rehabilitation and/or the aftercare on the basis of the area rehabilitated.

Pension plans

Defined benefit plans

Provisions for severance pay have been recognised for salaried employees and waged workers who have claims to severance payments pursuant to the Employee Act, the Wage Earners' Severance Pay Act or works agreements. Employees whose employment is subject to Austrian law, if the relevant employment began prior to 1 January 2003 and has been ongoing for at least ten years without interruption, have a claim to severance pay where the employment is terminated upon the employee's reaching the statutory age of retirement, even if the employment is terminated by the employee. The amount of the severance pay depends on the amount of pay at the time of termination and of the length of employment. These employee claims should therefore be treated as claims under defined benefit pension plans, in which case plan assets do not exist to cover these claims. Similar considerations apply to waged workers to whom severance pay is due pursuant to the Wage Earners' Severance Pay Act and for severance pay payable pursuant to works agreements.

The Construction Workers' Leave and Severance Pay Act 1987 applies to the majority of waged workers, according to which their claims are directed towards the holiday pay and severance pay fund to be financed by the employer's contributions. This is a state plan, for which a severance pay provision does not need to be created.

Pension commitments are, as a rule, defined individual benefit commitments for senior staff that are not covered by plan assets. The amount of the pension claim depends on the number of years of service in each case.

Changes within provisions for severance pay were as follows:

in TEUR	2019	2018
Present value of severance obligations (DBO) as of 1 Jan	73,247	72,173
Changes to the consolidated group	118	-
Service cost (entitlements)	3,638	3,682
Interest paid	1,273	1,266
Severance payments	-9,938	-6,786
Actuarial profits (-)/losses (+)	12,796	2,912
Present value of severance obligations (DBO) as of 31 Dec	81,134	73,247

in TEUR	2019	2018
Service cost (entitlements)	3,638	3,682
Net interest expense	1,273	1,266
Severance costs (recognised in profit and loss for the period)	4,911	4,948
Severance costs (recognised in other comprehensive income)	12,796	2,912

For the year 2020, an interest expense of TEUR 482 and a current service cost of TEUR 3,954 are planned. Please refer to the notes on the accounting and measurement methods with regard to the actuarial assumptions underlying the calculation.

Pension provisions

Pension obligations transferred to provisions

in TEUR	2019	2018
Present value of the obligations covered by plan assets	23,477	21,697
Fair value of the plan assets	-12,507	-13,187
Net value of the obligations covered by plan assets	10,970	8,510
Present value of the obligations not covered by plan assets	35,221	31,779
Carrying amount of provisions as of 31 Dec	46,191	40,289

Pension costs

in TEUR	2019	2018
Service cost (entitlements)	254	205
Settlement	-58	-
Interest expense	983	989
Interest income	-246	-250
Pension costs (recognised in profit and loss for the period)	933	944
Pension costs (recognised in other comprehensive income)	7,636	1,594

Description of pension plans

Claims – Austria: as part of the defined benefit plans relating to pensions, the company is obliged to grant the promised benefits both to current and former employees.

The employee claims to defined benefit pension plans are defined as follows:

Group A (service contract, version dated 1 July 1991):

The pension allowance involves an agreed percentage of the basis of assessment (salary and overtime rate) for cases of retirement after reaching the age of 63 and is reduced by a defined percentage for every full year of retirement before reaching the age of 63.

Group B (service contract dated 5 August 1991) and Group C/D (service contract dated 6 August 1991):
The pension allowance is determined as an agreed amount due upon retirement after reaching the age of 63 and is reduced by a defined amount for every full year of retirement before reaching the age of 63.

Group E/F (service contract dated 29 August 1991):
The pension allowance involves an agreed amount for retirement upon reaching the age of 60; this amount increases by a fixed annual amount for every year up to 63, whereby the maximum contribution is reached after reaching the age of 63.

Claims – Germany: there are multiple pension plans with defined benefits for current and former employees.

Employee claims to these defined benefit pension plans are tied to the number of eligible calendar years and the class of pension which was determined for the pension candidate when the claim was agreed.

In addition, there are individual commitments involving defined benefit obligations.

Pension obligations

in TEUR	2019	2018
Present value of pension obligations (DBO) as of 1 Jan	53,476	54,860
Changes to the consolidated group	217	-867
Service cost (entitlements)	254	205
Interest paid	983	989
Pension payments	-3,634	-3,509
Settlement	-234	-
Actuarial profits (-)/losses (+)	7,636	1,798
Present value of pension obligations (DBO) as of 31 Dec	58,698	53,476

The obligations from the direct pension benefits in Austria are covered by insurance contracts concluded with WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group. In Germany the obligations from direct pension benefits are covered by insurance contracts concluded with Nürnberger Lebensversicherung AG, Condor Lebensversicherung AG, Generali Lebensversicherung AG and Essener Verband. In order to secure the pension rights of the employees insured from the corporate pension benefits, the rights from the insurance agreements are pledged in favour of the employees insured. The insurance of the old-age pension is entitled to share in profits in line with Section 16 of the General Terms and Conditions Governing Endowment and Pension Insurance. The insurance for the disability pension and widows' pension is also entitled to share in profits. To this end, a cash accounting statement is produced at the end of every insurance year. In the case of a profit, 50% of the balance of income and expenditure is refunded to the insurance policyholder. In the case of a loss, this is carried forward to the next insurance year. Profits can only be paid out again once the loss carryforward has been settled. The amount of the annual insurance premiums is determined by the insurance company's rates and is stated in the registry of members. The premiums must be paid annually in advance. The final annual premium must be paid in the year in which the policyholder reaches retirement age. The pension plan reinsurance is held in an independent department of the cover pool for life insurance as laid down in Section 20 Paragraph 2 Line 1 in connection with Section 78 of the Insurance Supervision Law.

Endowment life insurance policies have been concluded, e.g. with Nürnberger Lebensversicherung AG, for the pension benefits of the German companies. The insurance involves individual endowment policies which are ring-fenced. The policyholder is the employer, while the insured party/beneficiary is the employee who can choose between a lump sum or an annuity of equal value. The amount of the annuity is determined by the rates valid at the time of choosing and the corresponding insurance conditions. The contributions must be paid until the end of the insurance year in which the claim becomes valid (death or retirement). At the end of every insurance year the current profit participation (risk and interest surplus) is credited and converted into a bonus.

Development of plan assets

in TEUR	2019	2018
Fair value of the plan assets as of 1 Jan	13,187	13,640
Changes to the consolidated group	197	-
Contribution payments	121	106
Interest income	246	250
Payouts (lease payments)	-1,023	-1,012
Settlement	-175	-
Actuarial profits (+)/losses (-)	-46	203
Present value of plan assets as of 31 Dec	12,507	13,187

For the year 2020, an interest payment of TEUR 369 and a current service cost of TEUR 270 are planned. Please refer to the notes on the accounting and measurement methods for the actuarial assumptions underlying the calculation.

Part of the plan assets amounting to TEUR 10,806 has been invested as follows with WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group:

Structure of investments in classic cover pool

in %	2019	2018
Fixed-income securities	60.89	63.76
Shares, supplementary capital, profit-participation rights, non-ownership capital	2.27	2.38
Investment funds	22.48	22.03
Affiliates and shareholdings	3.49	2.77
Loans	6.86	5.87
Properties	2.03	2.00
Cash in bank	1.98	1.19
Total	100.00	100.00

Sparkassen Versicherungs AG was consolidated into WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group in 2019.

The following table shows the average duration of the respective obligations:

2019	Maturity profile - DBO			DBO	Maturity profile - cash			Cash
	1 - 5 years	6 - 10 years	10+ years	Duration	1 - 5 years	6 - 10 years	10+ years	Duration
Pensions	17,244	13,769	27,685	11.69	17,551	14,580	35,607	13.87
Severance	32,637	18,985	29,512	8.24	35,338	26,696	76,905	12.22

2018	Maturity profile - DBO			DBO	Maturity profile - cash			Cash
	1 - 5 years	6 - 10 years	10+ years	Duration	1 - 5 years	6 - 10 years	10+ years	Duration
Pensions	16,955	12,983	23,538	10.86	17,780	15,044	38,217	14.10
Severance	32,300	16,400	24,547	7.85	35,982	25,415	82,644	12.90

Defined contribution plans

Employees whose employment is subject to Austrian law and who commenced employment after 31 December 2002, and workers to whose employment the Construction Workers' Leave and Severance Pay Act is applicable, do not acquire any severance pay claims in respect of their respective employer. For these employees, except for those to whose employment the Construction Workers' Leave and Severance Pay Act is applicable, contributions of 1.53% of the wage or salary must be paid to an employee welfare fund; this amounted to TEUR 3,316 (previous year: TEUR 2,703) in 2019, of which TEUR 62 (previous year: TEUR 42) related to managers in key positions.

Contributions are payable by the employer to the holiday pay and severance pay fund in respect of those employees whose employment is covered by the Construction Workers' Leave and Severance Pay Act. At the present time, around 37% of the wage of relevant employees is payable to the holiday pay fund for 2019, amounting to TEUR 55,578 (previous year: TEUR 50,591) and 4.6% of the wage of relevant employees is payable to the severance pay fund, amounting to TEUR 8,039 in 2019 (previous year: TEUR 7,309). This contribution covers employee severance pay claims and other benefits, in particular the holiday pay and holiday allowance payable by the holiday pay and severance pay fund to the relevant employees. This state plan covers all the companies in the building sector. The benefits are financed on a pay-as-you-earn basis, i.e. the benefits falling due in a particular period are to be financed by the contributions of this same period, while the future benefits earned in the period under review will be funded by future contributions. The companies are not legally or actually obliged to pay these future benefits. The companies are only obliged to pay the prescribed contributions as long as they employ workers whose employment is covered by the Construction Workers' Leave and Severance Pay Act.

Payments to external employee provision funds are recognised under the item staff expense.

In addition, the employees of the PORR Group belong to their country-specific, state pension plans, which are usually funded on a pay-as-you-earn basis. The Group is only obliged to pay the contributions when they become due. There is no legal or actual obligation to provide future benefits.

35. Bonds and Schuldscheindarlehen

The bond issued by PORR AG with the value date 28 October 2014 and totalling TEUR 56,262 was redeemed in full on 28 October 2019.

Schuldscheindarlehen (SSD)

On 12 August 2015 PORR AG placed a Schuldscheindarlehen totalling TEUR 185,500. The issue consists of four tranches with terms of three and five years and with a choice of interest at fixed or variable rates.

In August 2016 investors were offered the option of a premature extension of the terms for three, five and seven years. In addition, the volume was increased from TEUR 185,500 to a total of TEUR 200,000.

In February 2017 tranches totalling TEUR 58,000 and subject to variable interest rates were prematurely extended as follows: TEUR 18,000 to August 2020, TEUR 30,000 to August 2022 and TEUR 10,000 to August 2024. In August 2018, in addition to the contractually fixed repayment of the tranches subject to fixed rates totalling TEUR 21,000, tranches subject to variable rates totalling TEUR 40,000 were prematurely extended with a new end date of 14 August 2023.

In February 2019 tranches of TEUR 20,000 subject to interest at variable rates were prematurely extended to 16 February 2026. In addition, TEUR 183,000 was newly placed with terms of four, five and seven years. Of the total, TEUR 31,500 meets the "Eligible Green Principles" criteria and was placed as a Green Schuldscheindarlehen. A second-party opinion by the independent ratings agency Sustainalytics was provided to confirm that these principles are upheld. Under this scheme, environmentally friendly and sustainable investments in PORR office buildings are being refinanced along with investments related to PORR activities in environmental engineering. In May 2019 TEUR 20,000 of the total was paid back, in July the amount was increased by TEUR 22,000 and in October by TEUR 15,000. In August 2019 a tranche of TEUR 1,000 subject to interest at fixed rates fell due and was thereby redeemed. As of 31 December 2019, the Schuldscheindarlehen totalled TEUR 376,000.

Tenor	Nominal amount in TEUR			in %
	SSD without Green SSD	Green SSD	Total	
August 2020	29,000		29,000	7.71
August 2021	42,000		42,000	11.17
February 2022	30,000		30,000	7.98
February 2023	11,000	5,500	16,500	4.39
August 2023	60,000		60,000	15.96
February 2024	10,000		10,000	2.66
February 2024	102,000	25,500	127,500	33.91
July 2024	22,000		22,000	5.85
February 2026	38,500	500	39,000	10.37
Total	344,500	31,500	376,000	100.00
Carrying amount as of 31.12.2019			375,365	

All tranches issued prior to the end of 2018 and subject to variable interest have been hedged using interest rate swaps (IRS) (swapping variable rates for fixed rates), classified as a cash flow hedge.

in TEUR	Nominal amount SSD	Average interest rate
at fixed interest rates	101,000	1.73%
at variable interest rates	275,000	1.60%
of which hedged using IRS	103,000	
Total	376,000	

36. Financial liabilities

in TEUR	2019	2018
Bank loans		
at variable interest rates	155,519	76,749
at fixed interest rates	55,875	46,026
Lease obligations		
at variable interest rates	337,835	113,160
Derivative financial instruments	2,214	2,002
Other financial liabilities		
at fixed interest rates	771	45
Total	552,214	237,982

Bank loans subject to variable rates of interest are mainly charged interest at the 3-month EURIBOR rate or the 6-month EURIBOR rate plus differing margins. In the year under review the 3-month EURIBOR rate averaged -0.36% and the 6-month EURIBOR rate averaged -0.30%. The margins for newly acquired funds with a maximum 3-month term averaged 1.25 PP in 2019.

The interest rates for lease obligations range from 0.01% to 7.44%. The interest component of the lease payments is continuously adjusted to the market interest rate in accordance with the contractual stipulations.

Derivative financial instruments include forward contracts and interest rate hedges, which are measured at fair value at the end of the reporting period (see note 43).

in TEUR	31.12.2019	Remaining term			of which secured by collateral
		< 1 year	1-5 years	> 5 years	
Bank loans	211,394	49,506	115,781	46,107	156
Lease obligations	337,835	59,052	141,788	136,995	337,835
Derivative financial instruments	2,214	2,214	-	-	-
Other financial liabilities	771	147	543	81	-
Total	552,214	110,919	258,112	183,183	337,991

in TEUR	31.12.2018	Remaining term			of which secured by collateral
		< 1 year	1-5 years	> 5 years	
Bank loans	122,775	20,040	80,605	22,130	244
Lease obligations	113,160	27,798	62,696	22,666	113,160
Derivative financial instruments	2,002	2,002	-	-	-
Other financial liabilities	45	-	45	-	-
	237,982	49,840	143,346	44,796	113,404

Bank loans which are secured by collateral relate to real estate. The Group's obligations under finance leases are secured by the leased assets with a carrying amount of TEUR 354,605 (previous year: TEUR 135,756) which are the property of the lessor under civil law.

in TEUR	31.12.2019	31.12.2018
With a remaining period up to one year	68,026	29,503
With a remaining period of more than one year and less than five years	166,063	66,388
With a remaining period of more than five years	181,850	25,100
Total	415,939	120,991
Future financing costs	-78,104	-7,831
Present value of minimum lease payments	337,835	113,160

37. Trade payables

in TEUR	31.12.2019	Remaining term			of which secured by collateral
		< 1 year	1-5 years	> 5 years	
Trade payables	1,056,099	1,004,413	34,490	17,196	-
Payables to consortiums	82,726	82,556	170	-	-
Total	1,138,825	1,086,969	34,660	17,196	-

in TEUR	31.12.2018	Remaining term			of which secured by collateral
		< 1 year	1-5 years	> 5 years	
Trade payables	1,112,123	1,066,580	29,121	16,422	-
Payables to consortiums	42,228	41,728	500	-	-
Total	1,154,351	1,108,308	29,621	16,422	-

Trade payables are classified as current as they are to be settled within the entity's normal operating cycle.

38. Other financial liabilities

in TEUR	31.12.2019	Remaining term			of which secured by collateral
		< 1 year	1-5 years	> 5 years	
Payables to non-consolidated subsidiaries	206	206	-	-	-
Payables to companies accounted for under the equity method	9,525	9,470	55	-	-
Payables to other shareholdings	659	659	-	-	-
Other	53,848	49,979	3,248	621	-
Total	64,238	60,314	3,303	621	-

in TEUR	31.12.2018	Remaining term			of which secured by collateral
		< 1 year	1-5 years	> 5 years	
Payables to non-consolidated subsidiaries	206	206	-	-	-
Payables to companies accounted for under the equity method	7,981	7,943	38	-	-
Payables to other shareholdings	2,164	2,164	-	-	-
Other	33,985	30,944	2,421	620	-
Total	44,336	41,257	2,459	620	-

39. Other liabilities

in TEUR	31.12.2019	Remaining term			of which secured by collateral
		< 1 year	1-5 years	> 5 years	
Tax liabilities	74,530	74,530	-	-	-
Social security liabilities	22,439	22,439	-	-	-
Contract liabilities	284,671	284,671	-	-	-
Payables to staff	134,451	134,451	-	-	-
Other	4,418	4,418	-	-	-
Total	520,509	520,509	-	-	-

in TEUR	31.12.2018	Remaining term			of which secured by collateral
		< 1 year	1-5 years	> 5 years	
Tax liabilities	85,101	85,101	-	-	-
Social security liabilities	19,630	19,630	-	-	-
Contract liabilities	211,367	211,367	-	-	-
Payables to staff	130,666	130,666	-	-	-
Other	2,334	2,334	-	-	-
Total	449,098	449,098	-	-	-

40. Contingent liabilities and guarantees

in TEUR	2019	2018
Guarantees, guarantee bonds and other contingent liabilities	9,151	6,217
of which for companies accounted for under the equity method	(4,688)	(233)

The guarantees primarily relate to securing bank loans of non-consolidated subsidiaries, companies accounted for under the equity method and other companies in which the Group holds a stake, as well as other liabilities from the operational business whose drawdown is theoretically possible, but considered improbable.

Other financial liabilities

The operational construction business requires various types of guarantees in order to safeguard contractual obligations. This generally relates to guarantees for tenders, contract fulfilment, advance payment and warranty. Apart from this, the Group is jointly and severally liable for all consortiums in which it participates. Claims arising from these liabilities are not likely.

The Group has access to European credit lines totalling TEUR 3,241,840 (previous year: TEUR 3,031,674). Of these credit lines, TEUR 1,143,000 (previous year: TEUR 1,095,000) was concluded with a three-year term. The remainder of TEUR 2,098,840 (previous year: TEUR 1,936,674) generally run for a one-year term. Furthermore, there were credit lines in several Arabic countries of TEUR 643,200 (previous year: TEUR 670,318). As of 31 December 2019, around 60% (previous year: 58%) of the European credit lines had been drawn on and around 61% (previous year: 52%) of the lines in Arabic countries.

The three-year credit lines of TEUR 1,143,000 (previous year: TEUR 1,095,000) include harmonised financial covenants. The majority of these relate to the ratio between net debt and EBITDA or to the equity ratio. All triggers had been met as of 31 December 2019.

41. Notes on segment reporting

The segment report has been adjusted in line with the new internal reporting structure and management of the PORR Group. Comparative figures have been retrospectively amended to the new structure.

The following changes relating to allocation have occurred:

Segment BU 4 – Environmental Engineering, Healthcare & Services has been split. PORR Umwelttechnik GmbH, Prajo, TKDZ, Thorn, PWW and ALU-SOMMER are now part of BU 1 – Austria, Switzerland. The equity interests PORREAL, STRAUSS Property Management and hospitals have become part of the holding, as have activities in the PPP sector. Railway construction with the Slab Track Austria System – within Europe – has moved from BU 3 – International to BU 1 – Austria, Switzerland. The Czech Republic has moved from BU 1 – Austria, Switzerland to BU 3 – International.

IFRS are the accounting standards applied for all business transactions between segments subject to mandatory reporting. The following segments are presented:

Segment Business Unit 1 – Austria, Switzerland: This segment covers the PORR Group’s operating business on the home markets of Austria and Switzerland as well as some individual projects in building construction in Germany and railway construction with the Slab Track Austria system – within Europe. All products and services are offered.

Segment Business Unit 2 – Germany: This segment covers the PORR Group’s operating business on the home market of Germany. All products and services are offered.

Segment Business Unit 3 – International: This segment contains the project-driven business activities in Poland, the Czech Republic, the Nordic region, Qatar, UAE, Slovakia, Romania, UK and other future target countries. It also includes the competencies in tunnelling and railway construction for the whole Group.

Holding: This segment consists of Group services, PORR Design & Engineering GmbH, PORR Design & Engineering Deutschland GmbH, hospitals, PORREAL, STRAUSS Property Management and activities in PPP.

Information on the commercial segments summarised in the business units can be found in the Group management report.

Segment report 2019

in TEUR	BU 1 – Austria, Switzerland	BU 2 – Germany	BU 3 – International	Holding	Group
Production output (Group)	2,827,947	1,003,821	1,626,475	112,026	5,570,269
Segment revenue	2,462,208	972,090	1,375,115	71,001	4,880,414
Intersegment revenue	20,459	4,711	4,358	130,787	
EBT (Earnings before tax = segment earnings)	73,704	5,027	-44,983	3,661	37,409
Share of profit/loss of companies accounted for under the equity method	24,113	726	43,374	19,235	87,448
Depreciation, amortisation and impairment	-87,569	-30,487	-27,140	-22,398	-167,594
of which impairment	(-)	(-)	(-3,208)	(-)	(-3,208)
Interest income	978	1,861	4,364	3,861	11,064
Interest expense	-8,966	-3,632	-2,187	-17,924	-32,709

Segment report 2018

in TEUR	BU 1 – Austria, Switzerland	BU 2 – Germany	BU 3 – International	Holding	Group
Production output (Group)	2,803,902	939,777	1,725,493	123,742	5,592,914
Segment revenue	2,432,482	855,721	1,578,693	92,213	4,959,109
Intersegment revenue	34,982	8,127	183	110,836	
EBT (Earnings before tax = segment earnings)	78,503	2,170	6,571	887	88,131
Share of profit/loss of companies accounted for under the equity method	27,398	10,250	45,958	2,945	86,551
Depreciation, amortisation and impairment of which impairment	-79,849 (-2,418)	-19,138 (-309)	-13,077 (-)	-15,079 (-)	-127,143 (-2,727)
Interest income	1,982	8,053	478	4,200	14,713
Interest expense	-6,491	-2,204	-1,444	-12,520	-22,659

The following information relates to geographic business areas in which the Group is active:

in TEUR	Production output by customer base 2019	Non-current assets by company base 2019	Production output by customer base 2018	Non-current assets by company base 2018
Domestic	2,461,524	725,446	2,331,616	539,809
Germany	1,470,209	254,322	1,503,468	193,979
Poland	586,691	61,726	646,767	58,283
Czech Republic	252,230	49,509	203,963	47,668
Qatar	100,565	684	302,635	496
Italy	18,432	345	15,295	220
Romania	104,663	14,986	99,930	6,397
Bulgaria	508	726	1,037	988
Switzerland	232,159	13,187	225,466	7,847
Serbia	8,915	16,911	8,153	17,657
UK	13,789	38	20,905	-
Slovakia	149,099	2,700	91,258	3,033
Norway	94,595	1,853	84,879	3,005
Croatia	3,466	917	3,186	1,522
United Arab Emirates	66,304	-	48,948	-
Other foreign	7,120	162	5,408	37
Total foreign	3,108,745	418,066	3,261,298	341,132
Segment total	5,570,269	1,143,512	5,592,914	880,941

42. Notes of the cash flow statement

The cash flow statement is broken down into separate cash flows from operating, investing and financing activities, whereby the cash flow from operating activities is derived according to the indirect method. The financial fund exclusively comprises cash in hand and cash in banks and corresponds to the value shown in the statement of financial position for cash and cash equivalents.

The reconciliation of the changes in cash flow from financing activities is as follows:

in TEUR	Financial liabilities	Leases	Derivatives	Bonds and Schuldschein-darlehen	Total debts from financing activities
Balance as of 31 Dec 2018	122,820	113,160	2,002	231,876	469,858
Restatement from the first-time application of IFRS 16	-	198,946	-	-	198,946
Balance as of 1 Jan 2019	122,820	312,106	2,002	231,876	668,804
Cash flows (cash changes)	88,739	-67,231	107	143,647	165,262
Non-cash changes					
Corporate acquisitions	603	-151	-	-	452
Additions	-	92,795	104	-	92,899
Exchange differences	3	316	1	-	320
Accrued interest	-	-	-	-158	-158
Balance as of 31 Dec 2019	212,165	337,835	2,214	375,365	927,579

in TEUR	Financial liabilities	Leases	Derivatives	Bonds and Schuldschein-darlehen	Total debts from financing activities
Balance as of 1 Jan 2018	117,892	85,120	1,822	301,302	506,136
Cash flows (cash changes)	-3,717	-36,531	-366	-69,946	-110,560
Non-cash changes					
Corporate acquisitions	8,646	4,361	-	-	13,007
Additions	-	60,271	-	-	60,271
Exchange differences	-1	-61	-	-	-62
Accrued interest	-	-	-	520	520
Changes in fair value	-	-	546	-	546
Balance as of 31 Dec 2018	122,820	113,160	2,002	231,876	469,858

43. Notes on financial instruments

43.1. Capital risk management

The aim of the Group's capital management is to substantially increase equity and to keep debt low.

In the year under review, equity decreased by around TEUR 19,196. The reduction in the equity ratio from 19.9% to 16.4% was mainly caused by the increase in total assets by TEUR 550,193. Of this total, around 36% resulted simply from applying IFRS 16 for the first time. If the effect of IFRS 16 is neutralised, an equity ratio of 17.4% results as of 31 December 2019.

As of 31 December 2019, net debt, defined as the balance of cash and cash equivalents, bonds and current and non-current financial liabilities, totalled TEUR 345,689 (previous year: TEUR 150,184) and was thereby TEUR 3,441 below the level of the previous year once the impact of applying IFRS 16 of TEUR 198,946 as of 1 January 2019 is taken into account.

The net gearing ratio is applied for the control of capital management. This is defined as net debt divided by equity. In 2019 net gearing stood at 0.58 (previous year 0.24). Consideration of the effect of IFRS 16 leads to improved net gearing of 0.19 as of 31 December 2019.

43.2. Categories on financial instruments

43.2.1. Carrying amounts, measurement rates and fair values

in TEUR	Meas- urement category	Carrying amount as of 31.12.2019	Measured at amortised cost	Fair value other comprehensive income	Fair value affecting net income	Fair value hierarchy	Fair value as of 31.12.2019
Assets							
Loans	AC	84,504	84,504				
Loans	FVTPL	21,831			21,831	Level 3	21,831
Other financial assets	FVTOCI	30,346		30,346		Level 3	30,346
Other financial assets	FVTPL	1,088			1,088	Level 3	1,088
Other financial assets	FVTPL	5,569			5,569	Level 1	5,569
Trade receivables	AC	832,952	832,952				
Other financial assets	AC	88,263	88,263				
Other financial assets	FVTPL	109			109	Level 1	109
Derivatives (without hedges)	FVTPL	1,763			1,763	Level 2	1,763
Cash and cash equivalents		581,890	581,890				
Liabilities							
Schuldscheindarlehen							
at fixed interest rates	AC	100,840	100,840			Level 3	102,986
at variable interest rates	AC	274,525	274,525				
Bank loans							
at fixed interest rates	AC	55,875	55,875			Level 3	57,830
at variable interest rates	AC	155,519	155,519				
Lease obligations ⁴		337,835	337,835				
Other financial liabilities							
at fixed interest rates	AC	771	771			Level 3	793
Trade payables	AC	1,138,825	1,138,825				
Other financial liabilities	AC	64,238	64,238				
Derivatives (without hedges)	FVTPL	353	353		353	Level 2	353
Derivatives (with hedges)		1,861	1,861	1,861		Level 2	1,861
by category							
Financial assets at amortised cost	AC	1,005,719	1,005,719				
Cash and cash equivalents		581,890	581,890				
Fair value through profit & loss	FVTPL	30,007			30,007		
Fair value through OCI	FVTOCI	30,346		30,346			
Financial liabilities at amortised cost	AC	1,790,593	1,790,593				

The carrying amount of the financial instruments not measured at fair value corresponds to an appropriate approximation of the fair value in accordance with IFRS 7.29. The exception is bonds subject to fixed interest rates (fair value hierarchy level 1), deposits from banks subject to fixed interest rates (fair value hierarchy level 3), and Schuldscheindarlehen subject to fixed interest rates (fair value hierarchy level 3).

The fair value measurement for derivatives is determined in accordance with market data from information service provider REFINITIV. Loans and borrowings as well as Schuldscheindarlehen are valued using the discounted cash flow method, whereby the zero coupon yield curve published by REFINITIV as of 31 December 2019 was used for the discounting of the cash flows.

Miscellaneous financial assets, which are measured at fair value directly in equity, relate to the granting of hybrid capital to UBM Development AG (TEUR 25,895), an equity interest in UBM Development Deutschland GmbH (TEUR 1,653), as well as other insignificant interests in GmbH companies (TEUR 2,798). The option to recognise them directly in equity under other operating income was exercised to prevent distortion of operating income. Dividends of TEUR 1,620 were recognised in the period under review.

in TEUR	Meas- urement category	Carrying amount as of 31.12.2018	Measured at amortised cost	Fair value other comprehensive income	Fair value affecting net income	Fair value hierarchy	Fair value as of 31.12.2018
Assets							
Loans	AC	26,665	26,665				
Loans	FVTPL	22,224			22,224	Level 3	22,224
Other financial assets	FVTOCI	29,692		29,692		Level 3	29,692
Other financial assets	FVTPL	1,088			1,088	Level 3	1,088
Other financial assets	FVTPL	10,796			10,796	Level 1	10,796
Trade receivables	AC	853,476	853,476				
Other financial assets	AC	119,600	119,600				
Other financial assets	FVTPL	102			102	Level 1	102
Derivatives (without hedges)	FVTPL	2,424			2,424	Level 2	2,424
Cash and cash equivalents		319,674	319,674				
Liabilities							
Bonds							
at fixed interest rates	AC	55,291	55,291			Level 1	56,614
Schuldscheindarlehen							
at fixed interest rates	AC	53,876	53,876			Level 3	54,454
at variable interest rates	AC	122,709	122,709				
Bank loans							
at fixed interest rates	AC	46,026	46,026			Level 3	49,428
at variable interest rates	AC	76,749	76,749				
Lease obligations ²		113,160	113,160				
Other financial liabilities							
at fixed interest rates	AC	45	45			Level 3	44
Trade payables	AC	1,154,351	1,154,351				
Other financial liabilities	AC	44,336	44,336				
Derivatives (without hedges)	FVTPL	246			246	Level 2	246
Derivatives (with hedges)		1,756		1,756		Level 2	1,756
by category							
Financial assets at amortised cost	AC	999,741	999,741				
Cash and cash equivalents		319,674	319,674				
Fair value through profit & loss	FVTPL	36,388			36,388		
Fair value through OCI	FVTOCI	29,692		29,692			
Financial liabilities at amortised cost	AC	1,553,383	1,553,383				

¹ Lease obligations fall under the application of IFRS 16 and IFRS 7.

² Lease obligations fall under the application of IAS 17 and IFRS 7.

Details on fair value financial instruments Level 3

For the valuation of the hybrid capital of TEUR 25,330 for UBM Development AG, the following input factors (pricing criteria) were applied:

- Mid swap
- Credit spread UBM bond (Z spread)
- Hybrid spread

The sum of these factors corresponds to the current pricing of the hybrid bond.

As a second step, the current pricing and contractually agreed coupon were compared, thereby determining the necessary surcharges/discounts.

- If the current market pricing is higher than the contractually agreed coupon, then a discount is applied to the nominal amount.
- If the current market pricing is lower than the contractually agreed coupon, then a surcharge is applied to the nominal amount.

This resulted in the following valuation as of 31 December 2019:

	Mid swap	Credit spread	Hybrid spread	Hybrid coupon in %
Balance as of 31 Dec 2019	-15.9	208.93	184	3.77
Balance as of 31 Dec 2018	19.6	271.57	368	6.6
				Hybrid capital
Total as of 1 Jan 2019				25,179
Surcharges/discounts				716
Total as of 31 Dec 2019				25,895

Sensitivities and interrelationships

The valuation methods applied are subject to fluctuation of the three input factors. Any change in a single factor results in a respective change in value (e.g. if the mid swap increases by 1 BP, the receivable decreases in value by 1 BP).

Possible interdependencies are not considered as it is not possible to assume either a significant negative or a significant positive correlation; therefore any individual change would increase the overall valuation in the respective amount.

43.2.2. Net income by measurement category

in TEUR		from interest/ income	from subsequent measurement			Net income 2019
			at fair value	Allowances	from disposal	
Financial assets at amortised cost	AC	9,329	-	-1,310	-	8,019
Fair value through profit & loss	FVTPL	720	-406	-175	-2	137
Fair value through OCI	FVTOCI	3,606	-	-36	588	4,158
Financial liabilities at amortised cost	AC	-20,238	-	-	-	-20,238
in TEUR		from interest/ income	from subsequent measurement			Net income 2018
			at fair value	Allowances	from disposal	
Financial assets at amortised cost	AC	9,892	-	-	-	9,892
Fair value through profit & loss	FVTPL	1,266	771	-561	104	1,580
Fair value through OCI	FVTOCI	4,072	-	-	87	4,159
Financial liabilities at amortised cost	AC	-17,878	-	-	-	-17,878

43.3. Objectives of financial risk management

Managing financial risks, in particular liquidity risks and interest rate/currency risks is governed by standard Group guidelines. The management's aim is to minimise the risks as far as possible. To this end, derivative and non-derivative hedging instruments are used in line with evaluations. In general, the only risks that are anticipated are those which have consequences on the Group's cash flow. Derivative financial instruments are used exclusively as hedging instruments, i.e. they are not used for trade or other speculative purposes.

All hedge transactions are performed centrally by the Group Treasury, unless in specific cases other Group companies are authorised to conclude transactions outside the Group Treasury. An internal control system designed around current requirements has been implemented to monitor and control risks linked to money market and foreign exchange trading. All Group Treasury activities are subject to strict risk/processing control, the cornerstone of which is the functional separation of commerce, processing and accounting.

43.4. Liquidity risks

The liquidity risk is defined as the risk that liabilities cannot be paid upon maturity.

Managing the liquidity risk is based on a financial plan updated once a quarter, which originates at operational level. For all projects, a designated commercial employee conducts individual and monthly planning for the current year and for the subsequent year. The operational component involves planning all cash-related financial issues such as due dates for financing, M&A and capital market transactions, interest and dividends; this is performed centrally at holding level with the person holding Group responsibility.

At year-end 2019 the Group had a liquidity level of TEUR 581,890; this liquidity is used on the one hand for the seasonal peak liquidity demand from April to November typical to the construction industry, as well as for settling loans due, Schuldscheindarlehen tranches and potential corporate acquisitions. Should additional liquidity demand arise, this could provisionally be covered by drawing on existing lines of credit.

As of 31 December 2019, net debt, defined as the balance from cash and cash equivalents, debt securities in current assets, Schuldscheindarlehen, and current and non-current financial liabilities, amounted to TEUR 345,689 (previous year: TEUR 150,184).

Current financial liabilities, defined as the current portion of Schuldscheindarlehen and de facto current financial liabilities totalled TEUR 139,900 (previous year: TEUR 106,130) and are broadly covered by cash and cash equivalents.

Of non-current financial liabilities totalling TEUR 787,679 (previous year: TEUR 363,728), TEUR 346,384 (previous year: TEUR 175,586) relate to Schuldscheindarlehen, more than half of which could be covered by cash and cash equivalents of TEUR 441,990.

As of 31 December 2019, there was TEUR 351,500 (previous year: TEUR 396,500) available in bank lines for cash loans, which could be drawn on for the immediate refinancing of current financial liabilities. See note 40 for details on the syndicated guaranteed credit line.

As of 31 December 2019, there was TEUR 920,724 (previous year: TEUR 783,963) in disposable liquidity, defined as the sum of funds available in bank accounts and confirmed, unused money market facilities.

Table of liquidity and interest rates

in TEUR	Average interest rate	Non-discounted payment flow			
		until 3/2020	4-12/2020	2021-2024	from 2025
Schuldscheindarlehen					
at fixed interest rates	1.75%	847	11,917	86,152	8,365
at variable interest rates	1.58%	2,225	20,229	247,862	32,395
Bank loans					
at fixed interest rates	2.34%	3,427	4,943	18,855	41,676
at variable interest rates	1.07%	8,667	35,526	104,712	13,095
Lease obligations	1.92%	22,359	45,667	166,063	181,850
Other financial liabilities					
at fixed interest rates	2.49%	36	111	543	81
Trade payables	interest-free	984,799	19,614	51,686	-

in TEUR	Average interest rate	Non-discounted payment flow			
		until 3/2019	4-12/2019	2020-2023	from 2024
Bonds					
at fixed interest rates	3.88%	-	57,533	-	-
Schuldscheindarlehen					
at fixed interest rates	1.72%	-	1,928	54,778	-
at variable interest rates	1.58%	992	977	119,024	10,097
Bank loans					
at fixed interest rates	2.36%	1,344	3,989	23,112	26,722
at variable interest rates	1.09%	6,882	9,377	61,287	586
Lease obligations	2.03%	14,184	15,319	66,388	25,100
Other financial liabilities					
at fixed interest rates	0.75%	-	-	46	-
Trade payables	interest-free	1,042,601	23,979	45,543	-

Payables to consortiums and other financial liabilities largely lead to cash outflows at the carrying amounts upon maturity.

43.5. Interest rate risk management

The Group's interest rate risk is defined as the risk from rising interest cost or falling interest income in connection with financial items. For PORR this risk results primarily from the scenario of rises in interest rates, especially in the short term. Any future hedge transactions that are required will be concluded by the Group Treasury. At the end of the reporting period, the management of this risk was conducted with non-derivative instruments as well as three interest rate swaps totalling TEUR 103,000 and three interest rate swaps with start dates in the future totalling TEUR 107,000. All derivative hedges are designated as cash-flow hedges. The basic purpose of the interest rate swaps is to refinance Schuldscheindarlehen at the variable EURIBOR rate. The hedging ratio of the swaps is 100%. All interest rate swaps relate to swapping variable interest flows for fixed interest flows. As of 31 December 2019, the market value of the interest rate swaps had a fair value of TEUR -1,861 (previous year: TEUR -1,756).

As of 31 December 2019, the Group used the following derivative financial instruments to hedge interest rate risks:

Derivative	Start	Maturity	Reference value in TEUR	Fixed interest rate in %	Reference interest rate	Market value 31.12.2019	Market value 31.12.2018
Interest rate swap	12.8.2015	12.8.2020	57,000	0.63	6-month-EURIBOR	-221	-565
Interest rate swap	13.8.2018	12.8.2019	-	0.225	6-month-EURIBOR	-	-42
Interest rate swap ¹	13.8.2018	13.8.2020	18,000	0.384	6-month-EURIBOR	-43	-219
Interest rate swap	12.8.2019	12.8.2021	28,000	0.29	6-month-EURIBOR	-129	-95
Interest rate swap	12.8.2021	14.8.2023	40,000	0.9	6-month-EURIBOR	-617	-93
Interest rate swap ¹	12.8.2020	12.8.2021	7,000	0.58	6-month-EURIBOR	-40	-102
Interest rate swap	13.8.2020	14.2.2022	40,000	0.84	6-month-EURIBOR	-500	-344
Interest rate swap	12.8.2020	12.8.2021	10,000	0.815	6-month-EURIBOR	-82	-193
Interest rate swap	14.2.2022	13.2.2024	10,000	1.342	6-month-EURIBOR	-229	-105

¹ Positions have been reduced (from TEUR 36,000 to TEUR 18,000 and from TEUR 27,000 to TEUR 7,000)

An analysis of the floating interest rate position as of 31 December 2019 amounting to around TEUR 361,172 showed the following sensitivities that would occur under the scenario of an interest rate increase of 0.01 PP. The extent of the interest rate increase is based on the average volatility of the 3-month and 6-month EURIBOR in 2019. An unchanged interest rate therefore falls statistically within a probability band of 67% and the probability of an interest rate bandwidth of 1 BP is respectively 99%. The simulated impact on interest rates is as follows:

in TEUR	Higher interest expense for the year 2020	Higher interest expense (p. a.) with straight-line extrapolation from 2021
at interest rate rise of 0.01 PP	16	37

43.6. Foreign currency risks

The foreign currency risk is treated within the PORR Group as transaction-oriented and results either from construction contracts or from financing in connection with such contracts. Group policy is to hedge any operational foreign currency risks in full. In accordance with the respective functional currency of the Group unit that processes the order, the aim is to conduct local orders in the corresponding national currency. This happens in every instance in which the services to be rendered are locally generated. If this is not possible, or if services must be provided in other currencies, the resulting risk is secured by hedging. With regard to derivative financial instruments, the Group Treasury exclusively uses forward contracts and first-generation currency options (see note 43.8.).

As of 31 December 2019, the following currency positions existed for the entire Group:

Reporting currency	Currency pair	VAR ¹ in TEUR
EUR	EURQAR	592
EUR	USDEUR	449
EUR	EURPLN	448
EUR	EURRON	238
NOK	NOKEUR	130
QAR	QAREUR	116
PLN	PLNNOK	83
EUR	EURAED	67
various	various	247

¹ VAR = Value at Risk at a one-sided 95% confidence interval, this corresponds to a standard deviation of 1.96 over a time period of ten days.

The currency positions shown are only netted in the course of the respective reporting currency of the companies; correlations between individual currency pairs are not considered. At a confidence interval of 95% over a time period of ten days, the VAR amounts to TEUR 2,370.

VAR at Group level, when the items are netted over the reporting currencies and under inclusion of correlations between currency pairs, amounts to TEUR 918.

Reporting currency	Currency pair	VAR ¹ in TEUR
EUR	EURURS	370
QAR	QAREUR	355
AED	AEDEUR	80
RON	RONEUR	62
NOK	NOKEUR	35
EUR	various	16

¹ VAR = Value at Risk at a one-sided 95% confidence interval, this corresponds to a standard deviation of 1.96 over a time period of ten days.

43.7. Hedging currency risks

The PORR Group has concluded forward exchange contracts of TEUR 158,829 (previous year: TEUR 148,787) as of 31 December 2019; of these, TEUR 81,404 were forward purchases and TEUR 77,425 were forward sales. Around TEUR 87,326 (previous year: TEUR 72,860) are used as hedges for project cash flows and the remainder of around TEUR 71,503 (previous year: TEUR 75,927) for hedging intragroup financing.

As of 31 December 2019, the market valuation of open forward exchange contracts resulted in a fair value of TEUR 1,410. In the business year 2019 total expense of TEUR 768 that resulted from changes in the fair value of forward contracts was recognised in profit or loss.

The following table shows the predicted contractual due dates for payments from forward contracts as estimated on 31 December 2019, i.e. when payments from the underlying transactions are expected:

Forward sales due date	Cash flows in TEUR				
	CHF	PLN	NOK	USD	Total
January 2020		1,978	90	21,883	23,951
February 2020		1,891	54		1,945
March 2020	3,655	2,237	146		6,038
April 2020		2,995	89		3,084
May 2020		3,266			3,266
June 2020		3,469	62		3,531
July 2020		5,884			5,884
August 2020		2,842			2,842
September 2020		2,488			2,488
October 2020		2,171			2,171
November 2020		1,762			1,762
December 2020		904			904
January 2021		898			898
February 2021		459			459
March 2021		498			498
April 2021		498			498
May 2021		693			693
June 2021		1,620			1,620
July 2021		1,730			1,730
August 2021		2,112			2,112
September 2021		2,507			2,507
October 2021		2,362			2,362
November 2021		2,052			2,052
December 2021		1,695			1,695
January 2022		1,366			1,366
February 2022		637			637
March 2022		433			433

Forward purchases due date	Cash flows in TEUR						
	CHF	NOK	RON	QAR	AED	PLN	Total
January 2020	400	645		10,538		2,759	14,342
February 2020	2,860	528				409	3,797
March 2020	36,371						36,371
April 2020			3,124			839	3,963
August 2020						495	495
September 2020						739	739
October 2020						495	495
November 2020						495	495
December 2020				13,319	5,956	594	19,869
January 2021						638	638
February 2021						62	62
August 2021						50	50
September 2021						89	89

43.8. Derivative financial instruments

The following table shows the fair values recognised for the different derivative instruments:

in TEUR	2019	2018
Assets		
Derivatives		
without hedges	1,763	2,424
Liabilities		
Derivatives		
without hedges	353	246
with hedges	1,861	1,756

Credit risks

The risk related to receivables from customers can be classified as low, owing to the broad dispersion and ongoing creditworthiness checks. Specific to the industry, construction contracts require an advance payment by the general contractor that will not be covered by payments until a later date. To reduce any potential default risk, an extensive creditworthiness check is carried out and adequate sureties are agreed as far as possible.

The risk of default in the case of other original financial instruments shown under assets in the statement of financial position is also regarded as low because all contracting parties are financial institutions and other debtors with prime credit standing. The carrying amount of the financial assets represents the maximum risk of default. Where risks of default are recognised in relation to financial assets, account is taken of these risks by performing allowances for impairment. There are high levels of outstanding receivables which relate mostly to infrastructure projects for public clients or public companies. Except for these, there are no occurrences of concentration of operating risks arising from significant outstanding amounts from individual debtors.

As of 31 December 2019, the maximum credit risk amounted to TEUR 1,648,089 (previous year: TEUR 1,385,388) and relates mainly to loans, other financial investments and securities, other financial assets, trade receivables and cash and cash equivalents.

44. Average staffing levels

	2019	2018
Salaried employees		
Domestic	3,724	3,513
Foreign	5,117	5,025
Waged workers		
Domestic	6,860	6,365
Foreign	4,127	4,111
Total staff	19,828	19,014
of which fully consolidated		
Salaried employees	8,664	8,329
Waged workers	10,782	10,237
Total fully consolidated	19,446	18,566

45. Related party disclosures

In addition to subsidiaries and companies accounted for under the equity method, related parties include the UBM Group, the companies of the IGO Industries Group, as they or their controlling entity hold shares together with the Strauss Group, over which one member of the PORR AG Executive Board has significant control, as well as the Kapsch Group, as one of the members of the PORR AG Executive Board holds a key position there while at the same time exercising joint influence over PORR AG. In addition to people and related companies who have control over PORR AG, related parties also include the members of the Executive and Supervisory Boards of PORR AG as well as their close family members.

Transactions between Group companies included in the consolidated financial statements were eliminated on consolidation and are not examined any further.

Receivables and liabilities to consortiums only include direct services charged.

Transactions between Group companies and companies accounted for under the equity method are disclosed in the following analysis:

in TEUR	Income		Expenses		Receivables		Liabilities	
	2019	2018	2019	2018	2019	2018	2019	2018
Associates	25,237	42,130	29,416	24,345	10,188	11,117	2,938	3,493
Joint ventures	57,349	78,059	92,020	67,996	12,486	25,995	6,587	4,488
Consortiums	243,844	194,673	55,960	54,634	75,092	64,188	12,236	14,539

Transactions with members of the management in key positions and companies over which they have control were as follows:

in TEUR	Income		Expenses		Receivables		Liabilities	
	2019	2018	2019	2018	2019	2018	2019	2018
From trade payables and receivables								
UBM Group	28,408	100,458	4,975	5,441	5,620	5,434	368	2,061
IGO Industries Group	1,835	4,658	57,656	50,915	1,117	953	12,227	6,345
Strauss Group	424	4,119	404	541	112	101	13	1
Kapsch Group	342	1,265	1,782	3,212	93	86	129	341
Other	-	2	-	2,632	-	-	-	68
From financing								
UBM Group	1,520	2,339	-	-	30,515	39,652	126	60

The sale of the shares in Sabimo Monte Laa Bauplatz 2 GmbH is a related party transaction. The purchase price of TEUR 34 was settled in cash. TEUR 872 of the control premium of TEUR 1,294 paid in the course of gaining control of "hospitals" Projektentwicklungsges.m.b.H. is a related party transaction.

Outstanding accounts receivable are not secured and are settled in cash. With the exception of guarantees taken on for companies accounted for under the equity method which totalled TEUR 4,688 (previous year: TEUR 233), and for which no fees are generally charged, no guarantees were given nor were any enforced. No allowances were made in respect of amounts owed by related companies or persons, nor were any bad debt losses booked during the year under review.

46. Events after the end of the reporting period and other information

A hybrid bond of TEUR 150,000 with a coupon of 5.375% was issued at the start of February. It is a perpetual bond, although PORR is entitled to pay back the bond issue in full after five years. Should that not happen, the coupon will increase to the five-year mid swap rate plus 10.641%. The bond fulfils all of the IFRS requirements to permit recognition in equity. At the same time, the existing investors of the hybrid bond from 2017 were invited to repurchase their interest at a price of 103.75. Investors took up this offer in the total amount of TEUR 25,706. The amount still outstanding on this bond thereby totals TEUR 99,294.

Since the start of 2020, especially since the beginning of March, there has been a significant change in the economic backdrop caused by the spread of the coronavirus (COVID-19) in Europe and on the PORR home markets. The spread of COVID-19 infections and the ensuing temporary restrictions on personal, public and economic life resulting from measures imposed by governments is currently having a material impact on the business activities of PORR. The temporary closure of construction sites in Austria in March 2020, restricted operations in several home markets, and the as yet unforeseen obstacles for the construction industry will necessitate an adjustment to the targets for 2020 and the following years. The economic consequences on the profitability of PORR will be significantly affected by the duration of the crisis, the impacts on economic performance in the affected countries and the public sector measures introduced. At present there is a high degree of uncertainty related to the actual extent of the coronavirus

crisis and the economic implications of the shutdown in many countries. A serious revaluation and amendment of the objectives for 2020 is thereby not possible at the present time in light of the rapidly changing circumstances. The management of PORR AG has already approved a range of measures to safeguard liquidity and to ensure the health of staff members is protected.

The Executive Board of PORR AG approved the consolidated financial statements and handed them over to the Supervisory Board on 16 April 2020.

47. Fees paid to the Group's auditors

The following table shows the fees paid to the Group's auditors in the year under review:

in TEUR	BDO Austria GmbH	
	2019	2018
Auditing the financial statements	275	270
Other audit services	418	389
Other advisory services	96	18

48. Executive bodies

Members of the Executive Board

Karl-Heinz Strauss, CEO

Andreas Sauer

Thomas Stiegler

Josef Pein (since 1 January 2020)

J. Johannes Wenkenbach (until 31 January 2020)

Members of the Supervisory Board

Karl Pistotnik, Chairman

Klaus Ortner, Deputy Chairman

Robert Grüneis

Walter Knirsch

Iris Ortner

Bernhard Vanas

Susanne Weiss

Thomas Winischhofer

Members delegated by the Works Council

Michael Kaincz

Michael Tomitz

Gottfried Hatzenbichler

Wolfgang Ringhofer

The table below shows the remuneration paid to the managers in key positions, i.e. the members of the Executive Board and of the Supervisory Board of PORR AG, broken down according to payment categories:

in TEUR	Salary	Variable bonus	Pension fund	2019
Executive Board remuneration				
Karl-Heinz Strauss	750	308	39	1,097
J. Johannes Wenkenbach	500	355	40	895
Andreas Sauer	500	205	40	745
Thomas Stiegler	500	205	40	745
Total	2,250	1,073	159	3,482
of which current benefits due	2,250	1,073	-	3,323
of which remuneration due after termination of employment	-	-	159	159
Supervisory Board remuneration				
Current benefits due				329

in TEUR	Salary	Variable bonus	Pension fund	2018
Executive Board remuneration				
Karl-Heinz Strauss	750	616	39	1,405
J. Johannes Wenkenbach	500	515	40	1,055
Andreas Sauer	458	404	37	899
Thomas Stiegler	35	-	3	38
Total	1,743	1,535	119	3,397
of which current benefits due	1,743	1,535	-	3,278
of which remuneration due after termination of employment	-	-	119	119
Supervisory Board remuneration				
Current benefits due				197

16 April 2020, Vienna

The Executive Board

Karl-Heinz Strauss m.p.

Andreas Sauer m.p.

Thomas Stiegler m.p.

Josef Pein m.p.

Shareholdings

Company	Country code	Currency	Domicile	PORR AG share %	PORR Group share %	Type of consolidation	PORR AG share previous year %	PORR Group share previous year %	Type of consolidation previous year
Subsidiaries									
"EAVG Enzersdorfer Abfallverwertungsgesellschaft m.b.H."	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
"hospitals" Projektentwicklungsges.m.b.H.	AT	EUR	Wien	0.00000	62.90000	F	0.00000	62.90000	E
A. Niedermühlbichler Baugesellschaft m.b.H.	AT	EUR	Seeboden	0.00000	100.00000	F	0.00000	100.00000	F
ABW Abbruch, Boden- und Wasserreinigung-Gesellschaft m.b.H.	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
Alea GmbH	AT	EUR	Wien	0.00000	100.00000	F			
Allgemeine Straßenbau GmbH	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
ALPINE AT GmbH in Liqu.	AT	EUR	Brunn am Gebirge	0.00000	100.00000	M	0.00000	100.00000	F
Altlastensanierung und Abraumdeponie Langes Feld Gesellschaft m.b.H.	AT	EUR	Wien	0.00000	86.38750	F	0.00000	86.38750	F
AMF - Asphaltmischanlage Feistritz GmbH	AT	EUR	Unterpremstätten, pol. mun. Premstätten	0.00000	100.00000	M	0.00000	100.00000	M
AMF - Asphaltmischanlage Feistritz GmbH & Co KG	AT	EUR	Unterpremstätten, pol. mun. Premstätten	0.00000	100.00000	F	0.00000	100.00000	F
AMO Asphaltmischwerk Oberland GmbH	AT	EUR	Linz	0.00000	90.00000	M	0.00000	90.00000	M
AMO Asphaltmischwerk Oberland GmbH & Co KG	AT	EUR	Linz	0.00000	90.00000	F	0.00000	90.00000	F
Asphalt-Unternehmung Carl Günther Gesellschaft m.b.H.	AT	EUR	Wien				0.00000	100.00000	F
Asphaltmischwerk Greinsfurth GmbH	AT	EUR	Amstetten	0.00000	66.66750	M	0.00000	66.66750	M
Asphaltmischwerk Greinsfurth GmbH & Co OG	AT	EUR	Amstetten	0.00000	66.66750	F	0.00000	66.66750	F
Bautech Labor GmbH	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
Bosch Baugesellschaft m.b.H.	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
bpp Bautechnik GmbH	AT	EUR	Pichl bei Wels	0.00000	100.00000	F	0.00000	100.00000	F
CamBER22 GmbH	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
Edos Beteiligungsverwaltungs GmbH	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
Eisenschutzgesellschaft m.b.H.	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
Eisenschutzgesellschaft m.b.H. (ALT)	AT	EUR	Wien				0.00000	100.00000	F
EPS Absberggasse 47 Projektmanagement GmbH in Liqu.	AT	EUR	Wien				100.00000	100.00000	F
EPS LAA 43 GmbH	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
FEHBERGER Stahlbau GmbH	AT	EUR	Völkermarkt	0.00000	100.00000	F	0.00000	100.00000	F
Fritz & Co. Baugesellschaft m.b.H.	AT	EUR	Salzburg	0.00000	100.00000	F	0.00000	100.00000	F
G. Hinteregger & Söhne Baugesellschaft m.b.H.	AT	EUR	Salzburg	0.00000	100.00000	F	0.00000	100.00000	F
Gesellschaft für Bauwesen GmbH	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
GETINA Versicherungsvermittlung GmbH	AT	EUR	Wien				0.00000	100.00000	F
GHS Logistik GmbH in Liqu.	AT	EUR	Salzburg				0.00000	100.00000	F
Goidinger Bau GmbH	AT	EUR	Zams	0.00000	100.00000	F	0.00000	100.00000	F
Grund- Pfahl- und Sonderbau GmbH	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
Hinteregger Holding Gesellschaft m.b.H.	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
IAT GmbH	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
Ing. RADL-BAU GmbH	AT	EUR	Wien				0.00000	100.00000	F
ISHAP Gebäudedokumentations GmbH	AT	EUR	Wien	0.00000	87.50000	F	0.00000	37.50000	E
ISHAP Personaldokumentations GmbH	AT	EUR	Wien	0.00000	80.00000	F	0.00000	80.00000	F
ISHAP Software Solutions GmbH	AT	EUR	Wien	0.00000	80.00000	F	0.00000	80.00000	F
Johann Koller Deponiebetriebsges.m.b.H.	AT	EUR	Wien				0.00000	100.00000	F
KOLLER TRANSPORTE - KIES - ERDBAU GMBH	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
Kraft & Wärme Rohr- und Anlagentechnik GmbH	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
Kratochwill Schotter & Beton GmbH	AT	EUR	Unterpremstätten, pol. mun. Premstätten	0.00000	100.00000	F	0.00000	100.00000	F
Kröll Pflasterbau GmbH	AT	EUR	Röthis	0.00000	100.00000	F			

Company	Country code	Currency	Domicile	PORR AG share %	PORR Group share %	Type of consolidation	PORR AG share previous year %	PORR Group share previous year %	Type of consolidation previous year
			Unterpremstätten, pol. mun.						
LD Recycling GmbH	AT	EUR	Premstätten	0.00000	100.00000	F	0.00000	100.00000	F
Lieferasphaltgesellschaft JAUNTAL GmbH	AT	EUR	Klagenfurt	0.00000	71.99671	F	0.00000	71.99671	F
M.E.G. Mikrobiologische Erddekontamination GmbH	AT	EUR	Linz	0.00000	100.00000	F	0.00000	100.00000	F
Nägele Hoch- und Tiefbau GmbH	AT	EUR	Röthis	0.00000	100.00000	F	0.00000	100.00000	F
O.M. Meissl & Co. Bau GmbH	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
ÖBA - Österreichische Betondecken Ausbau GmbH	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
Panitzky Gesellschaft m.b.H.	AT	EUR	Wien				0.00000	100.00000	F
PKM - Muldenzentrale GmbH	AT	EUR	Wien	0.00000	97.97021	F	0.00000	97.97021	F
PORR AUSTRIARAIL GmbH	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
PORR Bau GmbH	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
PORR Bauindustrie GmbH	AT	EUR	Wien	100.00000	100.00000	F	100.00000	100.00000	F
PORR Beteiligungen und Management GmbH	AT	EUR	Wien	100.00000	100.00000	F	100.00000	100.00000	F
PORR Construction Holding GmbH	AT	EUR	Wien	100.00000	100.00000	F	100.00000	100.00000	F
PORR Design & Engineering GmbH	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
PORR Equipment Services GmbH	AT	EUR	Wien	100.00000	100.00000	F	100.00000	100.00000	F
PORR Financial Services GmbH	AT	EUR	Wien				100.00000	100.00000	F
PORR Infra GmbH	AT	EUR	Wals-Siezenheim	0.00000	100.00000	F	0.00000	100.00000	F
PORR Mischanlagen GmbH	AT	EUR	Wien	0.00000	100.00000	F			
PORR Recycling GmbH	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
PORR Umwelttechnik GmbH	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
PORREAL GmbH	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
PORR Risk Solutions GmbH	AT	EUR	Wien	100.00000	100.00000	F	100.00000	100.00000	F
Prajo & Co GmbH	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
			Unterpremstätten, pol. mun.						
PRONAT Steinbruch Preg GmbH	AT	EUR	Premstätten	0.00000	100.00000	F	0.00000	100.00000	F
PWW Holding GmbH	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
RCH Recycling Center Himberg GmbH	AT	EUR	Himberg	0.00000	100.00000	F	0.00000	100.00000	F
Reisinger Gesellschaft mbH	AT	EUR	Ennsdorf	0.00000	100.00000	F			
Rumpelnig Immobilien GmbH	AT	EUR	Wien						
Sabelo Beteiligungsverwaltungs GmbH	AT	EUR	Wien	100.00000	100.00000	M	100.00000	100.00000	M
Sabimo Monte Laa Bauplatz 2 GmbH	AT	EUR	Wien				0.00000	100.00000	F
			Sulzau, pol. mun. Werfen						
Salzburger Lieferasphalt GmbH & Co OG	AT	EUR	Werfen	0.00000	80.00000	F	0.00000	80.00000	F
SAM03 Beteiligungs GmbH	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
Schatzl & Jungmayr Garten- und Landschaftsbau GmbH	AT	EUR	Wien				0.00000	100.00000	F
			Unterpremstätten, pol. mun.						
Schotter- und Betonwerk Karl Schwarzl Betriebsgesellschaft m.b.H.	AT	EUR	Premstätten	100.00000	100.00000	F	100.00000	100.00000	F
Schotterwerk GRADENBERG Gesellschaft m.b.H.	AT	EUR	Köflach	0.00000	100.00000	F	0.00000	100.00000	F
			Unterpremstätten, pol. mun.						
Schwarzl Transport GmbH	AT	EUR	Premstätten	0.00000	100.00000	F	0.00000	100.00000	F
Spenglerei Hangl Christof GmbH	AT	EUR	Telfs	0.00000	100.00000	F			
STRAUSS Property Management GmbH	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
Tancsos und Binder Gesellschaft m.b.H.	AT	EUR	Wolfsberg				0.00000	100.00000	F
TEERAG-ASDAG Bau GmbH	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
TEERAG-ASDAG GmbH	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
TEERAG-ASDAG Hochbau Burgenland GmbH	AT	EUR	Stegersbach	0.00000	100.00000	F	0.00000	100.00000	F
Wibeba Hochbau GmbH & Co. Nfg. KG	AT	EUR	Wien	100.00000	100.00000	F	100.00000	100.00000	F
Wiener Betriebs- und Baugesellschaft m.b.H.	AT	EUR	Wien	0.00000	100.00000	F	0.00000	100.00000	F
BB Government Services société privée à responsabilité limitée	BE	EUR	Uccle	0.00000	100.00000	F	0.00000	100.00000	F
PORR Bulgaria EOOD	BG	BGN	Sofia	0.00000	100.00000	F	0.00000	100.00000	F
Gunimperm-Bauveg SA	CH	CHF	Bellinzona	0.00000	100.00000	F	0.00000	100.00000	F
PORR SUISSE AG	CH	CHF	Altdorf	0.00000	100.00000	F	0.00000	100.00000	F
ALPINE Bau CZ a.s.	CZ	CZK	Valasské Mezirici				0.00000	100.00000	F

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OBATECH s.r.o.	CZ	CZK	Praha	0.00000	100.00000	F	0.00000	100.00000	F
PORR a.s.	CZ	CZK	Praha	0.00000	100.00000	F	0.00000	100.00000	F
PORR Equipment Services Cesko s.r.o	CZ	CZK	Praha	0.00000	100.00000	F	0.00000	100.00000	F
PORREAL Cesko, s.r.o.	CZ	CZK	Praha				0.00000	100.00000	F
baikap Holding 180812 GmbH	DE	EUR	München	0.00000	100.00000	F	0.00000	100.00000	F
BB Government Services GmbH	DE	EUR	Kaiserslautern	0.00000	100.00000	F	0.00000	100.00000	F
CMG Gesellschaft für Baulogistik GmbH	DE	EUR	Münster	0.00000	100.00000	F	0.00000	100.00000	F
Emil Mayr Hoch- und Tiefbau GmbH	DE	EUR	Ettringen/Wertach	0.00000	100.00000	F	0.00000	100.00000	F
Franki Grundbau GmbH & Co. KG	DE	EUR	Seevetal	0.00000	100.00000	F	0.00000	100.00000	F
Franki Grundbau Verwaltungs GmbH	DE	EUR	Seevetal	0.00000	100.00000	F	0.00000	100.00000	F
Hinteregger, Brandstetter & Co. Baugesellschaft m.b.H.	DE	EUR	Traunstein	0.00000	100.00000	F	0.00000	100.00000	F
IAT Deutschland GmbH	DE	EUR	München	0.00000	100.00000	F	0.00000	100.00000	F
ISG Ingenieurservice Grundbau GmbH	DE	EUR	Seevetal	0.00000	100.00000	F	0.00000	100.00000	F
ÖBA Betondecken Ausbau Deutschland GmbH	DE	EUR	München	0.00000	100.00000	F	0.00000	100.00000	F
Oevermann Hochbau GmbH	DE	EUR	Münster	0.00000	100.00000	F	0.00000	100.00000	F
Oevermann Ingenieurbau GmbH	DE	EUR	Münster	0.00000	100.00000	F	0.00000	100.00000	F
Oevermann Verkehrswegebau GmbH	DE	EUR	Münster	0.00000	100.00000	F	0.00000	100.00000	F
Porr Design & Engineering Deutschland GmbH	DE	EUR	Berlin	0.00000	100.00000	F	0.00000	100.00000	F
Porr Equipment Services Deutschland GmbH	DE	EUR	München	0.00000	100.00000	F	0.00000	100.00000	F
Porr Franki GmbH & Co. KG	DE	EUR	Seevetal	0.00000	100.00000	F	0.00000	100.00000	F
PORR GmbH & Co. KGaA	DE	EUR	München	0.00000	94.66235	F	0.00000	94.66235	F
Porr Industriebau GmbH	DE	EUR	Passau	0.00000	100.00000	F	0.00000	100.00000	F
PORR Management GmbH	DE	EUR	München	100.00000	100.00000	F	100.00000	100.00000	F
PORR MURNAU GmbH & Co. KG	DE	EUR	München	0.00000	100.00000	F	0.00000	100.00000	F
PORR Oevermann GmbH	DE	EUR	Münster	0.00000	100.00000	F	0.00000	100.00000	F
Porr Umwelttechnik Deutschland GmbH	DE	EUR	Garching bei München	0.00000	100.00000	F	0.00000	100.00000	F
PORR Vermögensverwaltung MURNAU GmbH	DE	EUR	München	0.00000	100.00000	M	0.00000	100.00000	M
Radmer Kies GmbH & Co. KG	DE	EUR	Aschheim, Landkreis München	0.00000	100.00000	F	0.00000	100.00000	F
Radmer Kiesvertrieb Verwaltungs GmbH	DE	EUR	Aschheim, Landkreis München	0.00000	100.00000	M	0.00000	100.00000	M
STRAUSS & CO. Development GmbH	DE	EUR	Berlin	0.00000	94.00000	F	0.00000	94.00000	F
Stump-Franki Spezialtiefbau GmbH	DE	EUR	München	0.00000	100.00000	F	0.00000	100.00000	F
Thorn Abwassertechnik GmbH	DE	EUR	München	0.00000	100.00000	F	0.00000	100.00000	F
TKDZ GmbH	DE	EUR	Wellen	0.00000	100.00000	F	0.00000	100.00000	F
Unterstützungskasse Franki Grundbau GmbH	DE	EUR	Seevetal	0.00000	100.00000	F	0.00000	100.00000	F
Wellener Immobiliengesellschaft mbH	DE	EUR	Wellen				0.00000	100.00000	F
IAT UK Waterproofing Systems limited	GB	GBP	London	0.00000	100.00000	F	0.00000	100.00000	F
PORR SLOVAKIA LTD.	GB	GBP	London	0.00000	100.00000	F	0.00000	100.00000	F
PORR UK Ltd.	GB	GBP	London	0.00000	100.00000	F	0.00000	100.00000	F
BAUVEG-WINKLER društvo s ogranicenom odgovornoscu za projektiranje, izgradnju i nadzor	HR	HRK	Zagreb	0.00000	100.00000	M	0.00000	100.00000	M
GRUNDBAU d.o.o. u likvidaciji	HR	HRK	Zagreb	0.00000	100.00000	F	0.00000	100.00000	F
Schwarzl društvo s ogranicenom odgovornoscu za obradu betona i sljunka	HR	HRK	Glina	0.00000	100.00000	F	0.00000	100.00000	F
PORR Építési Kft.	HU	HUF	Budapest	0.00000	100.00000	F	0.00000	100.00000	F
BB GOVERNMENT SERVICES SRL	IT	EUR	Vicenza	0.00000	100.00000	F	0.00000	100.00000	F
IAT Impermeabilizzazioni Srl	IT	EUR	Bozen	0.00000	100.00000	F	0.00000	100.00000	F
PORR GRADEZNISTVO DOEL Skopje	MK	MKD	Skopje	0.00000	100.00000	F	0.00000	100.00000	F
Loftesnesbrui PORR-AURSTAD ANS	NO	NOK	Oslo	0.00000	64.95000	F	0.00000	64.95000	F
PNC Norge AS	NO	NOK	Oslo	0.00000	100.00000	F	0.00000	100.00000	F
Porr Construction LLC under liquidation	OM	OMR	Mascat	0.00000	100.00000	F	0.00000	100.00000	F
Joint Venture Tunel Swinoujscie s.c.	PL	PLN		0.00000	40.00000	F	0.00000	40.00000	F
"Stal-Service" Spółka z ograniczona odpowiedzialnoscia	PL	PLN	Warszawa	0.00000	80.00000	F	0.00000	80.00000	F
BBGS Spółka z ograniczona odpowiedzialnoscia	PL	PLN	Warszawa	0.00000	100.00000	F			
PORR Spółka Akcyjna	PL	PLN	Warszawa	0.00000	100.00000	F	0.00000	100.00000	F

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PORREAL Polska Spółka z ograniczona odpowiedzialnoscia	PL	PLN	Warszawa				0.00000	100.00000	F
Stump-Hydrobudowa Spółka z ograniczona odpowiedzialnoscia	PL	PLN	Warszawa	0.00000	100.00000	F	0.00000	100.00000	F
RADMER BAU PORTUGAL - CONSTRUCOES, LIMITADA	PT	EUR	Lisboa	0.00000	99.00000	M	0.00000	99.00000	M
PORR Qatar Construction W.L.L	QA	QAR	Doha	0.00000	49.00000	F	0.00000	49.00000	F
Porr Construct S.R.L.	RO	RON	Bucuresti	0.00000	100.00000	F	0.00000	100.00000	F
"PORR - WERNER & WEBER - PROKUPLJE" doo, Prokuplje	RS	RSD	Prokuplje	0.00000	80.00000	F	0.00000	80.00000	F
DRUSTVO SA OGRANICENOM ODGOVORNOSCU "PORR-WERNER & WEBER-LESKOVAC", Leskovac	RS	RSD	Leskovac	0.00000	70.00000	F	0.00000	70.00000	F
Drustvo sa ogranicenom odgovornoscu PORR WERNER&WEBER-JAGODINA, Jagodina	RS	RSD	Jagodina	0.00000	80.00000	F	0.00000	80.00000	F
Gradevinsko preduzece Porr d.o.o. - u likvidaciji	RS	RSD	Belgrade	0.00000	100.00000	F	0.00000	100.00000	F
PWW d.o.o. Nis	RS	RSD	Nis	0.00000	100.00000	F	0.00000	100.00000	F
PWW Deponija d.o.o. Jagodina	RS	RSD	Jagodina	0.00000	100.00000	F	0.00000	100.00000	F
PWW Deponija Dva d.o.o. Leskovac	RS	RSD	Leskovac	0.00000	100.00000	F	0.00000	100.00000	F
TRACK EXPERTS D.O.O. BEOGRAD, MILUTINA MILANKOVICA 11A - u likvidaciji	RS	RSD	Belgrade				0.00000	74.00000	F
PNC Sverige AB	SE	SEK	Stockholm	0.00000	100.00000	M	0.00000	100.00000	F
PORR - GATES R150 JV (Joint Venture)	SG	SGD		0.00000	50.00000	F			
PORR Construction Pte. Ltd.	SG	SGD	Singapore	0.00000	100.00000	F			
ALPINE SLOVAKIA, spol. s.r.o.	SK	EUR	Bratislava				0.00000	100.00000	F
PORR s.r.o.	SK	EUR	Bratislava	0.00000	100.00000	F	0.00000	100.00000	F
Associated companies									
ABO Asphalt-Bau Oeynhausn GmbH.	AT	EUR	Oeynhausn, pol. mun. Traiskirchen	0.00000	22.50000	E	0.00000	22.50000	E
ALU-SOMMER GmbH	AT	EUR	Stoob	0.00000	49.49857	E	0.00000	49.49857	E
AMB Asphalt-Mischanlagen Betriebsgesellschaft m.b.H & Co KG	AT	EUR	Zistersdorf	0.00000	20.00000	M	0.00000	20.00000	M
AMB Asphalt-Mischanlagen Betriebsgesellschaft m.b.H.	AT	EUR	Zistersdorf-Maustrenk, pol. mun. Zistersdorf	0.00000	20.00000	M	0.00000	20.00000	M
AMG - Asphaltmischwerk Gunskirchen Gesellschaft m.b.H.	AT	EUR	Linz	0.00000	33.33333	M	0.00000	33.33333	M
ASA - Projektentwicklung - GmbH	AT	EUR	Wien	0.00000	49.99963	E	0.00000	49.99963	E
ASF Frästechnik GmbH & Co KG	AT	EUR	Kematen	0.00000	40.00000	E	0.00000	40.00000	E
Asphaltmischwerk Betriebsgesellschaft m.b.H. & Co KG	AT	EUR	Rauchenwarth	0.00000	40.00000	E	0.00000	40.00000	E
AWB Asphaltmischwerk Weißbach Betriebs-GmbH	AT	EUR	Wien	0.00000	45.00000	M	0.00000	45.00000	M
CCG Immobilien GmbH		EUR	Wien				0.00000	50.00000	E
FMA Asphaltwerk GmbH & Co KG	AT	EUR	Feldbach	0.00000	35.00000	E	0.00000	35.00000	E
KAB Straßensanierung GmbH & Co KG	AT	EUR	Spittal an der Drau	0.00000	19.98800	M	0.00000	19.98800	M
Lavanttaler Bauschutt - Recycling GmbH	AT	EUR	Wolfsberg	0.00000	49.99999	E	0.00000	49.99999	E
MSO Mischanlagen GmbH Ilz & Co KG	AT	EUR	Ilz	0.00000	47.19200	E	0.00000	47.19200	E
MSO Mischanlagen GmbH Pinkafeld & Co KG	AT	EUR	Pinkafeld	0.00000	47.33333	E	0.00000	47.33333	E
PM2 Bauräger GesmbH	AT	EUR	Klagenfurt	0.00000	24.75000	M	0.00000	24.75000	M
RFM Asphaltmischwerk GmbH & Co KG	AT	EUR	Wienersdorf-Oeynhausn, pol. mun. Traiskirchen	0.00000	46.00000	E	0.00000	46.00000	E
RFM Asphaltmischwerk GmbH.	AT	EUR	Wienersdorf-Oeynhausn, pol. mun. Traiskirchen	0.00000	46.00000	M	0.00000	46.00000	M
Sava Most Gradevinsko Preduzece OG	AT	EUR	Wien	0.00000	27.93000	M	0.00000	27.93000	M
TB Betonwerk Zams GmbH	AT	EUR	Zams	0.00000	24.00000	E	0.00000	24.00000	E
Obalovna Boskovice, s.r.o.	CZ	CZK	Boskovice	0.00000	45.00000	E	0.00000	45.00000	E
Alexander Parkside GmbH & Co. KG	DE	EUR	Berlin	0.00000	50.00000	E	0.00000	50.00000	E
ASDAG Kavicsbánya és Építő Korfalólt Felelősségű Társaság	HU	HUF	Janossomorja	0.00000	34.88000	E	0.00000	34.88000	E
BPV-Metro 4 Építési Kőzkereseti Társaság	HU	HUF	Budapest	49.95000	49.95000	M	49.95000	49.95000	M

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BPV-METRO 4 NeKe Építési Közkereseti Társaság	HU	HUF	Budapest	49.95000	49.95000	M	49.95000	49.95000	M
Advanced Utility Construction and Contracting LLC	QA	QAR	Doha	0.00000	40.00000	E	0.00000	40.00000	E
Joint Venture Al Wakrah Stadium & Precinct Main Works and Masterplan (SC-14-G-171)	QA	QAR	Doha	0.00000	33.33330	E	0.00000	33.33330	E
Joint Ventures									
AMG - Asphaltmischwerk Gunskirchen Gesellschaft m.b.H. & Co. KG	AT	EUR	Linz	0.00000	33.33333	E	0.00000	33.33333	E
AMW Asphalt-Mischwerk GmbH	AT	EUR	Sulz	0.00000	50.00000	M	0.00000	50.00000	M
AMW Asphalt-Mischwerk GmbH & Co KG	AT	EUR	Sulz	0.00000	50.00000	E	0.00000	50.00000	E
AMW Leopoldau GmbH & Co OG	AT	EUR	Wien	0.00000	33.34000	E	0.00000	33.34000	E
ARIWA Abwasserreinigung im Waldviertel GmbH	AT	EUR	Wien	0.00000	75.00000	E	0.00000	75.00000	E
ASB Nörsach GmbH	AT	EUR	Linz	0.00000	50.00000	E	0.00000	50.00000	E
ASCI Logistik GmbH	AT	EUR	Premstätten	0.00000	55.00000	E	0.00000	100.00000	E
ASF Frästechnik GmbH	AT	EUR	Kematen	0.00000	40.00000	M	0.00000	40.00000	M
Asphaltmischwerk Betriebsgesellschaft m.b.H.	AT	EUR	Rauchenwarth	0.00000	40.00000	M	0.00000	40.00000	M
Asphaltmischwerk Roppen GmbH	AT	EUR	Roppen	0.00000	30.00000	M	0.00000	30.00000	M
Asphaltmischwerk Roppen GmbH & Co KG	AT	EUR	Roppen	0.00000	30.00000	E	0.00000	30.00000	E
Asphaltmischwerk Weißbach GmbH & Co. Nfg.KG	AT	EUR	Weißbach bei Lofer	0.00000	45.00000	E	0.00000	45.00000	E
ASTRA - BAU Gesellschaft m.b.H. Nfg. OG	AT	EUR	Bergheim	0.00000	50.00000	E	0.00000	50.00000	E
AUL Abfallumladelogistik Austria GmbH	AT	EUR	Wien	0.00000	50.00000	E	0.00000	50.00000	E
CIS Beton GmbH	AT	EUR	Premstätten	0.00000	55.00000	E	0.00000	100.00000	F
FMA Asphaltwerk GmbH	AT	EUR	Feldbach	0.00000	35.00000	M	0.00000	35.00000	M
FSF Wohnanlage Finkenweg Errichtungs GmbH	AT	EUR	Klagenfurt am Wörthersee	0.00000	40.00000	E			
FSF Wohnanlage Oberfeldstraße Errichtungs GmbH	AT	EUR	Klagenfurt am Wörthersee	0.00000	40.00000	E			
FSF Wohnanlage WB3 Errichtungs GmbH	AT	EUR	Klagenfurt am Wörthersee	0.00000	40.00000	E			
Gaspix Beteiligungsverwaltungs GmbH	AT	EUR	Zirl	0.00000	31.57894	M	31.57894	31.57894	M
Grazer Transportbeton GmbH	AT	EUR	Gratkorn	0.00000	50.00000	E	0.00000	50.00000	E
HD Baustoff Verwertung GmbH	AT	EUR	Berndorf	0.00000	50.00000	E	0.00000	50.00000	E
hospitals Projektentwicklungsges.m.b.H.	AT	EUR	Graz	0.00000	74.00000	E	0.00000	74.00000	E
INTERGEO Umweltmanagement GmbH	AT	EUR	Salzburg	0.00000	50.00000	E	0.00000	50.00000	E
IP Real Estate Amraser Straße GmbH	AT	EUR	Innsbruck	0.00000	50.00000	E	0.00000	50.00000	E
KMG - Klinikum Management Gesellschaft mbH	AT	EUR	Graz	0.00000	50.00000	E	0.00000	50.00000	E
Lieferasphalt Gesellschaft m.b.H.	AT	EUR	Wien	0.00000	50.00000	M	0.00000	50.00000	M
Lieferasphalt Gesellschaft m.b.H. & Co OG, Viecht	AT	EUR	Viecht, pol. mun. Desselbrunn	0.00000	33.50000	E	0.00000	33.50000	E
Lieferasphalt Gesellschaft m.b.H. & Co. OG	AT	EUR	pol. mun. Villach	0.00000	40.00000	E	0.00000	40.00000	E
Lieferasphalt Gesellschaft m.b.H. & Co. OG, Zirl	AT	EUR	Wien	0.00000	50.00000	E	0.00000	50.00000	E
Linzer Schlackenaufbereitungs- und vertriebsgesellschaft m.b.H.	AT	EUR	Linz	0.00000	33.33333	E	0.00000	33.33333	E
LISAG Linzer Splitt- und Asphaltwerk GmbH.	AT	EUR	Linz	0.00000	50.00000	M	0.00000	50.00000	M
LISAG Linzer Splitt- und Asphaltwerk GmbH. & Co KG	AT	EUR	Linz	0.00000	50.00000	E	0.00000	50.00000	E
MSO Mischanlagen GmbH	AT	EUR	Ilz	0.00000	66.66667	M	0.00000	66.66667	M
RBA - Recycling- und Betonanlagen Ges.m.b.H. & Co. Nfg. KG	AT	EUR	Zirl	0.00000	31.57895	E	31.57895	31.57895	E
REHAMED Beteiligungsges.m.b.H.	AT	EUR	Graz	0.00000	50.00000	E	0.00000	50.00000	E
Salzburger Reststoffverwertung GmbH	AT	EUR	Salzburg	0.00000	50.00000	E	0.00000	50.00000	E
Stöckl Schotter- und Splitterzeugung GmbH	AT	EUR	Weißbach bei Lofer	0.00000	40.00001	E	0.00000	40.00001	E
TAL Betonchemie Handel GmbH	AT	EUR	Wien	0.00000	50.00000	E	0.00000	50.00000	E
TAM Traisental Asphaltmischwerk Ges.m.b.H.	AT	EUR	Nußdorf ob der Traisen	0.00000	33.33333	M	0.00000	33.33333	M
TAM Traisental Asphaltmischwerk Ges.m.b.H. & Co KG	AT	EUR	Nußdorf ob der Traisen	0.00000	33.33333	E	0.00000	33.33333	E

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Tauernkies GmbH	AT	EUR	Salzburg	0.00000	50.00000	E	0.00000	50.00000	E
TB Transportbeton GmbH	AT	EUR	Linz	0.00000	33.33333	E	0.00000	33.33333	E
TBT Transportbeton Tillmitsch GmbH	AT	EUR	Tillmitsch	0.00000	50.00000	M	0.00000	50.00000	M
TBT Transportbeton Tillmitsch GmbH & Co KG	AT	EUR	Tillmitsch	0.00000	50.00000	E	0.00000	50.00000	E
Vereinigte Asphaltmischwerke Gesellschaft m.b.H.	AT	EUR	Spittal an der Drau	0.00000	50.00000	M	0.00000	50.00000	M
Vereinigte Asphaltmischwerke Gesellschaft m.b.H. & Co KG	AT	EUR	Spittal an der Drau	0.00000	50.00000	E	0.00000	50.00000	E
Weyerhof Steinbruch GmbH	AT	EUR	Murau	0.00000	50.00000	M	0.00000	50.00000	M
Weyerhof Steinbruch GmbH & Co KG	AT	EUR	Murau	0.00000	50.00000	E	0.00000	50.00000	E
WPS Rohstoff GmbH	AT	EUR	Klagenfurt am Wörthersee	0.00000	49.00000	E	0.00000	49.00000	E
Obalovna Havlickuv Brod s.r.o.	CZ	CZK	Hradec Králové	0.00000	50.00000	E	0.00000	50.00000	E
OBALOVNA PRÍBRAM, s.r.o.	CZ	CZK	Praha	0.00000	37.50000	E	0.00000	37.50000	E
Obalovna Stredokluky s.r.o.	CZ	CZK	Praha	0.00000	50.00000	E	0.00000	50.00000	E
Obalovna Tábor s.r.o.	CZ	CZK	Ceské Budejovice	0.00000	50.00000	E	0.00000	50.00000	E
Obalovna Tyniste s.r.o.	CZ	CZK	Ceské Budejovice	0.00000	33.33333	E	0.00000	33.33333	E
SILASFALT s.r.o.	CZ	CZK	Ostrava - Kuncice	0.00000	50.00000	E	0.00000	50.00000	E
Spolecne obalovny, s.r.o.	CZ	CZK	Praha	0.00000	50.00000	E	0.00000	50.00000	E
Alexander Parkside Verwaltungs GmbH	DE	EUR	Berlin	0.00000	50.00000	M	0.00000	50.00000	M
AMW Asphaltmischwerke Westfalen GmbH	DE	EUR	Münster	0.00000	50.00000	E	0.00000	50.00000	E
AVALERIA Beteiligungsgesellschaft mbH	DE	EUR	München	0.00000	60.00000	M	0.00000	60.00000	M
AVALERIA Hotel HafenCity GmbH & Co. KG	DE	EUR	München	0.00000	56.88000	E	0.00000	56.88000	E
Beteiligungsgesellschaft Nordharz Asphalt-Mischwerke mbH	DE	EUR	Wegeleben	0.00000	50.00000	M	0.00000	50.00000	M
H + E Haustechnik und Elektro GmbH	DE	EUR	Deggendorf	0.00000	50.00000	E	0.00000	50.00000	E
Nordharz Asphalt-Mischwerke GmbH & Co. KG	DE	EUR	Wegeleben	0.00000	50.00000	E	0.00000	50.00000	E
Olympia Gate Munich Verwaltungs GmbH in Liqu.	DE	EUR	Grünwald	0.00000	50.00000	E	0.00000	50.00000	E
Radmer Bau Kieswerke GmbH	DE	EUR	Leipzig				0.00000	50.00000	M
Radmer Bau Kieswerke GmbH & Co. Sand und Kies KG	DE	EUR	Schkeuditz				0.00000	50.00000	E
M6 Dunaújváros-Szekszárd Építési Közkereseti Társaság	HU	HUF	Budapest	0.00000	50.00000	E	0.00000	50.00000	E
M6-Autópálya Építési Kkt.	HU	HUF	Budapest	0.00000	33.33330	M	0.00000	33.33330	M
JV BB CLC Società Consortile a responsabilità limitata	IT	EUR	Vicenza	0.00000	50.00000	E	0.00000	50.00000	E
JV MACC NAVY	IT	EUR		0.00000	95.00000	E	0.00000	95.00000	E
AF Haehre/PNC ANS (Joint Venture)	NO	NOK		0.00000	50.00000	E			
JOINT VENTURE FARRIS BRU ANS	NO	NOK	Larvik	0.00000	65.00000	E	0.00000	65.00000	E
JOINT VENTURE HARPE BRU ANS	NO	NOK	Larvik	0.00000	65.00000	E	0.00000	65.00000	E
"Modzelewski & Rodek" Spółka z ograniczona odpowiedzialnoscia	PL	PLN	Warszawa	0.00000	50.00000	E	0.00000	50.00000	E
Berlin Office Spółka z ograniczona odpowiedzialnoscia	PL	PLN	Warszawa	0.00000	26.00000	E	0.00000	26.00000	E
FRANKI POLSKA Spółka z ograniczona odpowiedzialnoscia	PL	PLN	Kraków	0.00000	70.00000	E	0.00000	70.00000	E
Poleczki Amsterdam Office Spółka z ograniczona odpowiedzialnoscia	PL	PLN	Warszawa	0.00000	26.00000	E	0.00000	26.00000	E
Poleczki Vienna Office Spółka z ograniczona odpowiedzialnoscia	PL	PLN	Warszawa	0.00000	26.00000	E	0.00000	26.00000	E
Warsaw Office Spółka z ograniczona odpowiedzialnoscia	PL	PLN	Warszawa	0.00000	26.00000	E	0.00000	26.00000	E
AUCC Precast Factory LLC	QA	QAR	Doha	0.00000	40.00000	E	0.00000	40.00000	E
EQCC PORR W.L.L.	QA	QAR	Doha	0.00000	49.00000	E	0.00000	49.00000	E
Hamad Bin Khalid Contracting - PORR Qatar Construction JV W.L.L.	QA	QAR	Doha	0.00000	45.00000	E	0.00000	45.00000	E
SEVER-JUG AUTOPUT DRUSTVO SA OGRANICENOM ODGOVORNOSCU ZA IZGRADNJU, KORISCENJE I ODRZAVANJE AUTOPUTA u likvidaciji	RS	RSD	Belgrade Bratislava - mestská cast* Ruzinov				0.00000	50.00000	M
Asfalt Belusa s.r.o.	SK	EUR		0.00000	50.00000	E	0.00000	50.00000	E

Company	Country code	Currency	Domicile	PORR AG share %	PORR Group share %	Type of consolidation	PORR AG share previous year %	PORR Group share previous year %	Type of consolidation previous year
D4R7 Construction s.r.o.	SK	EUR	Bratislava	0.00000	35.00000	E	0.00000	35.00000	E
Slovenské Asfalty s.r.o.	SK	EUR	Bratislava - mestská cast' Ruzinov	0.00000	50.00000	E	0.00000	50.00000	E
Other equity interests									
KAB Straßensanierung GmbH	AT	EUR	Spittal an der Drau	0.00000	19.98800	M	0.00000	19.98800	M
PPP Campus Bednar Park Errichtungs- und Betriebs GmbH	AT	EUR	Wien	0.00000	1.00000	M	0.00000	1.00000	M
Pumpspeicherkraftwerk Koralm GmbH	AT	EUR	Garanas, pol. mun. Schwanberg	0.00000	1.00000	M	0.00000	1.00000	M
Schaberreiter GmbH	AT	EUR	Kindberg	0.00000	6.80000	M	0.00000	6.80000	M
Senuin Beteiligungsverwaltungs GmbH	AT	EUR	Wien	0.00000	1.00000	M	0.00000	1.00000	M
WMW Weinviertler Mischwerk Gesellschaft m.b.H.	AT	EUR	Zistersdorf	0.00000	16.66667	M	0.00000	16.66667	M
WMW Weinviertler Mischwerk Gesellschaft m.b.H. & Co KG	AT	EUR	Zistersdorf	0.00000	16.66667	M	0.00000	16.66667	M
Arena Boulevard GmbH & Co. KG	DE	EUR	Berlin	0.00000	6.00000	M	0.00000	6.00000	M
BTM BAUSTOFF-TECHNIK + MISCHWERKE Gesellschaft mit beschränkter Haftung	DE	EUR	Bielefeld	0.00000	15.00000	M	0.00000	15.00000	M
Forum am Bahnhof Quickborn GmbH & Co. KG	DE	EUR	Hamburg	0.00000	6.00000	M	0.00000	6.00000	M
GeMoBau Gesellschaft für modernes Bauen mbH i.L.	DE	EUR	Berlin	6.00000	6.00000	M	6.00000	6.00000	M
German Hotel Verwaltungs GmbH	DE	EUR	Grünwald	0.00000	3.00000	M	0.00000	3.00000	M
Hotel Invest Hansa FT2 GmbH & Co. KG	DE	EUR	Hamburg	0.00000	3.00000	M	0.00000	3.00000	M
SONUS City GmbH & Co. KG	DE	EUR	Berlin	0.00000	6.00000	M	0.00000	6.00000	M
UBM Development Deutschland GmbH	DE	EUR	München	0.00000	6.00000	M	0.00000	6.00000	M
Zero Bypass (Holdings) Limited	GB	GBP	London	0.00000	10.00000	M	0.00000	10.00000	M
AQUASYSTEMS gospodarjenje z vodami d.o.o.	SI	EUR	Maribor	0.00000	10.00033	M	0.00000	10.00033	M

Key:

F = Fully consolidated companies

E = Companies consolidated under the equity method

M = Companies of minor significance

Auditor's Report

Report on the consolidated financial statements

Audit opinion

We have audited the consolidated financial statements of PORR AG, Vienna, and of its subsidiaries (the Group) comprising the consolidated balance sheet as of December 31, 2019, the consolidated income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of December 31, 2019 and its financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and with requirements stated in par. 245a UGB.

Basis for the opinion

We conducted our audit in accordance with the regulation (EU) no. 537/2014 (in the following "EU regulation") and in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISAs). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for revenues from construction contracts

Accounting for revenues from construction contracts

Situation and reference to further information

A large part of revenue and profits of the PORR group result from revenues from construction contracts, which are accounted in accordance with IFRS 15 Revenue from contracts with customers. In 2019 this accounted for approximately 94% of revenue.

In general, revenue is realised over the period of the service rendered under application of the output method. Revenue and proportional profits are recorded on the basis of the stage of completion. If it is probable that total contract costs exceed the corresponding contract revenues an onerous contract provision is recorded for the expected total loss. Warranty obligations exist in relation to completed construction projects handed over to the client. For certain construction contracts PORR and its customers and/or suppliers have different views regarding contractual claims and/or obligations of the PORR group. These differences are solved in negotiations with the contract partners, as well as in legal and extrajudicial (arbitration) proceedings. Claims are recognised when there is a contractual entitlement to the amount of consideration and they can be reliably assessed. Provisions for buildings are recognised for warranty claims, impending and claimed penalties and damages.

The assessment of contracts with customers until completion depends to a large extent on assumptions and expectations about future developments and completion of the projects and the outcome of negotiations and procedures with contract parties and is therefore, to a large extent, dependent on estimates. This is particularly the case with regard to the accounting for claims, the amount of the estimated total contract costs and corresponding profits as well as the amount of the contract revenues which have to be recognised in accordance with the PoC-method and the estimated expenses and obligations for penalties, damages and warranties.

The risk for the consolidated statements consists of the uncertainty of the accounting for contracts with customers and the related items in the consolidated statement of financial position and the consolidated income statement due to necessary assumptions and estimates and the misrepresentation of these items.

Reference to further information:

Revenue recognition from construction contracts, as well as the presentation of balance sheet items and provisions are explained in section 5 (Accounting and measurement methods). Chapter 6 (Key assumptions and key sources of estimation uncertainty) contains information on substantial estimation uncertainty. Chapter 7 (Revenues) shows the share of revenues from construction contracts of total sales. The Trade receivables section (24) contains information on the carrying amounts of contract assets, related contract profits and the prepayments received, which have been measured in accordance with the POC method. Construction contracts which form a liability are shown as contract liabilities in disclosure note: Other liabilities (39.). Chapter 34 (Provisions) provides details on the composition and development of provisions for buildings.

Audit response

In the course of our audit, we have gained an understanding of the processes relevant to the accounting of revenues from construction contracts and tested the effectiveness of selected internal controls. These controls mainly addressed the technical, legal and commercial review and approval of new contracts as well as the calculation and recognition process of contract revenue and contract cost. We also tested internal controls which relate to the internal monitoring and assessment of ongoing projects and calculations up to the completion after the end of the warranty period.

On the basis of the results of these control tests, we have drawn a sample of contracts with customers from construction contracts for a more in-depth analysis. With focus on high estimation uncertainties and error risks, we have selected our sample considering various relevant parameters, e.g. margin and profit development, contract value, carrying amount, asserted and capitalized claims, disputed claims and internal reporting of risk management.

The audit procedures performed on the selected sample consisted primarily of:

- Analytical procedures, comparing the actual results to the estimates/forecasts made in the past.
- Reconciliation of the key assumptions and estimates with contracts, budgets and comparable construction contracts.
- Critical analysis and discussions of key project assumptions with the responsible commercial and operational project managers.
- Critical assessment of internal and external technical, legal and commercial opinions.
- Review of the correspondence and minutes concerning discussions and negotiations with contract partners.
- Obtaining and critically assessing opinions on legal and extrajudicial (arbitration) proceedings.
- Testing of the financial entries and computational accuracy of the contract costs, results and carrying amounts related to the selected construction contracts.

Responsibilities of management and of the audit committee for the consolidated financial statements

Management is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and with requirements stated in par. 245a UGB, for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Comments on the management report

Pursuant to Austrian Generally Accepted Accounting Principles, the Group management report is to be audited as to whether it is consistent with the consolidated financial statements and as to whether it was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the Group's management report in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the Group's management report.

Opinion

In our opinion, the management report for the group was prepared in accordance with the valid legal requirements and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the Group's management report came to our attention.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the Group's management report and the auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

We draw attention to the fact that the English translation of this long-form audit report according to Section 273 of the Austrian Company Code (UGB) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Additional information in accordance with article 10 of the EU regulation

We were elected as auditor by the ordinary general meeting at May 29, 2019. We were appointed by the Supervisory Board on June 16, 2019. We are auditors without cease since 2002.

We confirm that the audit opinion in the section “Report on the consolidated financial statements” is consistent with the additional report to the audit committee referred to in article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

We provided no services, in addition to the statutory audit, to the audited company and its controlled undertakings, which have not been disclosed in the Group’s management report or in the consolidated financial statements.

Responsible Austrian certified public accountant

The engagement partner on the audit resulting in this independent auditor’s report is Mr. Mag. Klemens Eiter, Certified Public Accountant.

Vienna, April 16, 2020

**BDO Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft**

Mag. Klemens Eiter
Certified Public Accountant

MMag. Nicole Doppelhofer
Certified Public Accountant

Publication or sharing with third parties of the financial statements together with our auditor’s opinion is only allowed if the financial statements and the management report are identical with the German audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

We draw attention to the fact that the English translation of this long-form audit report according to Section 273 of the Austrian Company Code (UGB) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

Statement of all Legal Representatives

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

16 April 2020, Vienna



Karl-Heinz Strauss
Chairman of the Executive Board and CEO



Andreas Sauer
Executive Board Member and CFO



Thomas Stiegler
Executive Board Member and COO



Josef Pein
Executive Board Member and COO

Appropriation of Earnings

The consolidated financial statements as of 31 December 2019 report net retained profits of EUR 11,741,894.49 for the business year 2019.

In a change to its original proposal, the Executive Board proposes to pay out no dividends for the 2019 business year and to carry the entire net retained profits forward to new account.

23 April 2020, Vienna



Karl-Heinz Strauß
Chairman of the Executive Board and CEO



Andreas Sauer
Executive Board Member and CFO



Thomas Stiegler
Executive Board Member and COO



Josef Pein
Executive Board Member and COO

Glossary

The Construction Industry

Building construction is the field of construction engineering that is concerned with the planning and building of structures that are located above the earth's surface. However, buildings constructed in this way also include structures that are below ground, provided that they are accessible to people or that they are intended to accommodate people, animals or items of property such as, for example, civil defence installations.

Building production (building production value) is the production value of construction sites emanating purely from construction activity (own work, raw materials and third-party services chargeable to clients).

Business Unit (BU) denotes a PORR operating segment.

Civil engineering is the field of construction engineering that is concerned with the planning and building of structures that are located on or below the earth's surface. It includes bridge building, road construction and tunnelling.

Design-build contractor is responsible, in contrast to a general contractor, for the design of the construction project in addition to its build.

General contractor provides all construction services needed to erect a building and is allowed to subcontract out complete or partial services to other companies.

Miscellaneous building construction covers the areas of education, hotel, healthcare and other building construction.

PORR Group refers to PORR AG and its subsidiaries.

The Financial World

Associated company is a company that is not majority-owned and over which significant but not controlling influence is exerted.

ATX (Austrian Traded Index) is the key index of the Vienna Stock Exchange.

Austrian Sustainability and Diversity Improvement Act contains the guidelines for corporate social responsibility.

CAPEX (Capital Expenditure) refers to investments in intangible assets, property, plant and equipment and properties under construction including finance leases.

Cash flow is a financial measure that shows the unaltered surplus payments received within a given period of time and which thereby serves as an indicator of the company's solvency.

Cash flow from operating activities is the cash flow that results from the company's principal activities that have an effect on revenue, and from other activities that are not classed as investing or financing activities.

Corporate bond is a bond that is issued by a given company.

DAX (German Share Index) is the key index of the Frankfurt Stock Exchange.

Dividend yield is the dividend in relation to the share price.

Dow Jones Industrial Average (US American stock market index) is the leading index of the New York stock exchange.

EBIT (Earnings Before Interest and Taxes) corresponds to the operating performance.

EBITDA is Earnings Before Interest and Taxes and Depreciation and Amortisation.

EBIT margin is the EBIT in relation to sales revenue.

EBT (Earnings Before Taxes) designates the pre-tax profit or loss.

Equity method is a method for valuing interests held in companies and is applied to companies over which significant influence can be exerted, but which, fundamentally, do not have to be included within the group of companies that must be fully consolidated.

Equity ratio is the share of equity in the total capital employed.

EURO STOXX 50 (European stock market index) is the leading index for the eurozone.

IAS (International Accounting Standards) are international accounting standards.

IFRS (International Financial Reporting Standards) are international accounting standards.

Market capitalisation is the total market value of a company, resulting from the share price times the number of shares issued.

NaDiVeG (the Austrian Sustainability and Diversity Improvement Act) contains guidelines related to Corporate Social Responsibility.

Net debt is defined as the balance of cash and cash equivalents, bonds and current and non-current financial liabilities.

Order backlog is the total of all orders or contracts which have not been executed by the reporting date cited.

P/E ratio (price/earnings ratio) is the share price in relation to earnings.

Production output covers all classic design and construction services, waste management, raw materials sales and facility management. In contrast to revenue, production output 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.

Risk management is the systematic identification, measurement and controlling of risks. These risks can be general business risks or specific financial risks.

Swap is a derivative in which two counterparties agree to exchange one stream of cash flow for another stream. The agreement defines how the payments will be calculated and when they will be paid.

Acknowledgements

Media proprietor

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Concept, text, design and editing

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Further information

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The consolidated financial statements for 2019, including the notes to the financial statements and the management report (individual financial statements), that have been audited by the company's auditors can be obtained free of charge from the company at 1100 Vienna, Absberggasse 47, and will be available at the AGM. In addition, the annual financial statements for 2019 may be downloaded from the website, **www.porrgroup.com/reporting**.

The contents of this report together with the individual financial statements constitute the annual financial report.

Financial Calendar

18.5.2020	Record date for attending the 140th Annual General Meeting
27.5.2020	Publication report on the 1st quarter 2020
28.5.2020	140th Annual General Meeting
26.8.2020	Publication half-year report 2020
28.10.2020	Interest payment PORR Corporate Bond 2014/2 (hybrid bond)
26.11.2020	Publication report on the 3rd quarter 2020

Contact

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Disclaimer

This Annual Report contains statements relating to the future, which are based on estimates and assumptions made, to the best of their current knowledge, by managerial staff. Future-related statements may be identified as such by expressions such as “anticipated”, “target” or similar constructions. Forecasts concerning the future development of the company take the form of estimates based on information available at the time of going to press. Actual results may differ from the forecasts where the assumptions on which these are based should prove incorrect or risks should develop in unforeseeable ways.

Every care has been taken in the compilation of this Annual Report to ensure the accuracy and completeness of information in all sections. However, roundoff, typesetting and printing errors cannot be completely ruled out. The figures have been rounded off.

This report is a translation into English of the 2019 Annual Report published 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.



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