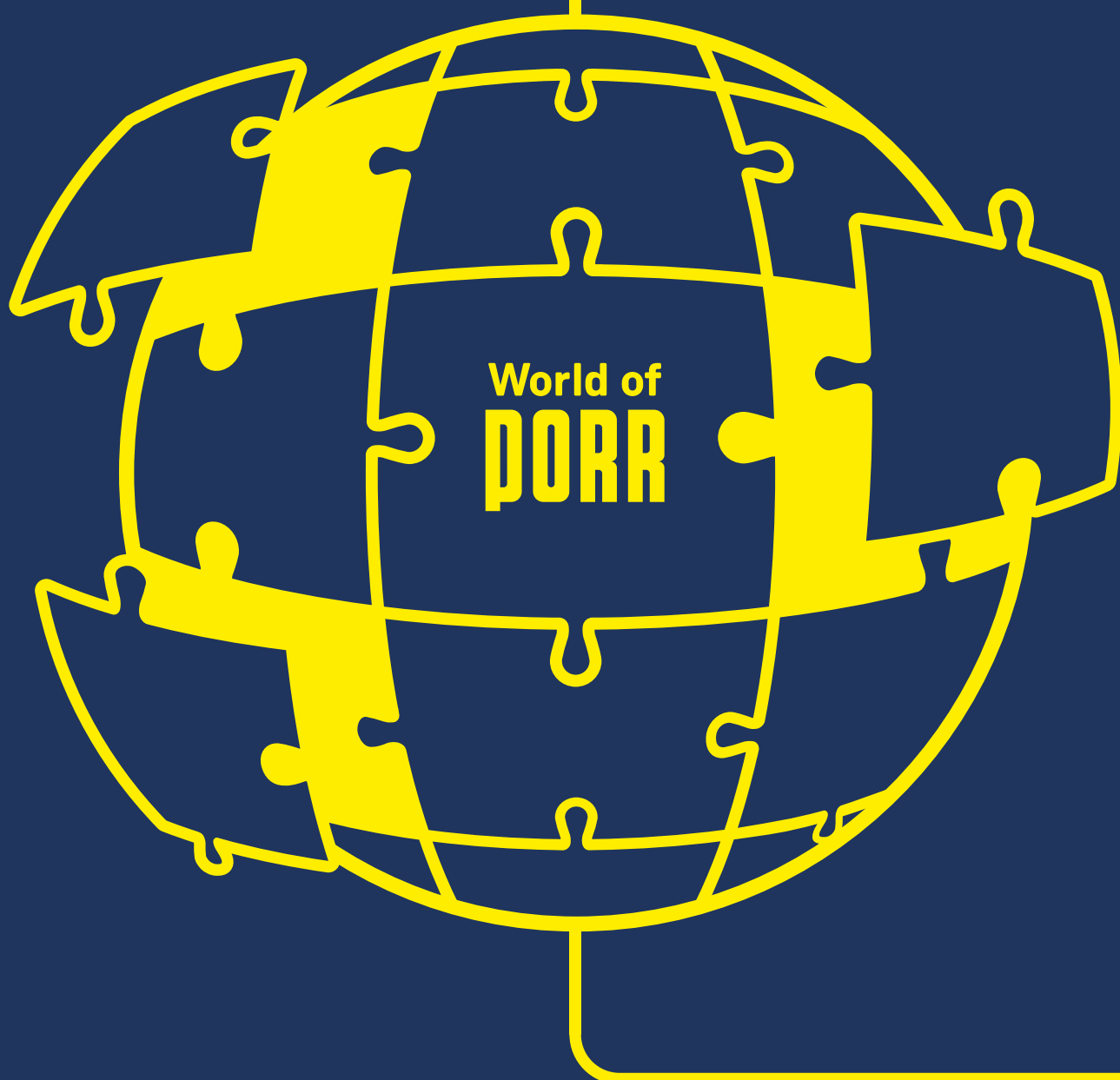


growing . together



PORR has acquired multiple companies in Austria and Germany. They will sustainably enhance our “PORR World”. We are carefully integrating the acquisitions into the PORR Group. We will continue to grow, together with our new colleagues. And continue along the successful PORR path well into the future.



FRANKI
GRUNDBAU

OEVERMANN

World of
PORR

HINTEREGGER

BBGS

HE
HAUSTECHNIK
UND ELEKTRO

Key Data

in EUR m	2017	Change	2016	2015	2014
Operating data					
Production output	4,738	20.7%	3,925	3,524	3,475
Foreign share	53.6%	6PP	47.6%	46.9%	39.2%
Revenue	4,293	25.6%	3,417	3,140	3,009
Order backlog	6,367	32.5%	4,804	4,579	4,058
Order intake	6,301	51.8%	4,150	4,045	3,135
Average staffing levels	17,719	15.6%	15,328	13,878	12,834

Income statement					
EBITDA	200.7	7.1%	187.3	165.9	156.4
EBIT	90.2	-9.8%	100.1	87.8	81.7
EBT	85.3	-6.3%	91.1	81.1	66.1
Profit	63.7	-4.7%	66.8	61.0	48.6
Earnings per share ¹ (in EUR)	2.09	-6.3%	2.23	2.02	1.61
Dividends per share (in EUR)	1.10 ²	-	1.10	1.00 ³	0.75

Statement of financial position					
Total assets	2,885	22.1%	2,362	2,304	2,146
Equity (incl. non-controlling interests)	597	35.4%	441	412	385
Equity ratio	20.7%	2.0PP	18.7%	17.9%	18.0%
Cash and cash equivalents	359	-24.7%	476	647	466
Net cash/net debt	-147	>-100.0%	53	187	65
Gearing ratio	0.24	>100.0%	-0.12	-0.46	-0.17
Capital employed	686	>100.0%	331	172	265

Cash flow and investments					
Operating cash flow	170	9.1%	156	145	151
Cash flow from operating activities	-16	>-100.0%	56	193	154
Cash flow from investing activities	-210	93.2%	-109	-21	91
Cash flow from financing activities	107	>-100.0%	-116	9	-112
Investments	169	-	169	171	224
Depreciation/amortisation/impairment	111	26.6%	87	78	75

Key data regarding shares	2017	2016	2015	2014
Number of shares	29,095,000	29,095,000	29,095,000	14,547,500
Market capitalisation at year-end (in EUR m)	810.0	1,132.4	813.2	648.4

¹ Adjusted to the number of shares in 2017 to facilitate comparisons

² Proposal to the AGM

³ Dividend of EUR 1.00 plus special dividend of EUR 0.50

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.

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The PORR family has grown

Dear shareholders,

In 2017 PORR took decisive action to set the course for the future. This involved adding important sectors and regions to our portfolio in Austria and Germany. With the takeover of Franki Grundbau, the specialist provider BBGS and Heijmans Oevermann in Germany, PORR has expanded its service range in specialist civil engineering and traffic construction. In Austria we closed the acquisition of the Salzburg-based Hinteregger Group, strengthening the portfolio in civil engineering, power plant construction and underground construction.

And yet PORR has not only grown through acquisitions, we also managed to significantly increase our construction output in organic terms. Production output of EUR 4,738m at year-end represents an increase of more than 20% against the previous year. Organic growth was achieved in particular on the home markets of Germany, Poland and Switzerland. As in the past, we generate around 87% of production output on our five home markets and have thereby stayed faithful to our strategy of intelligent growth.

Through the acquisitions and investments – especially in Germany – we are strengthening our market position long term and forming the basis for sustainable growth in earnings, even though they had an impact on the earnings situation in 2017 along with one-off effects in Qatar. Despite the results falling somewhat short of the previous year, 2017 was still the second best year in the history of our company.

The order situation at PORR paints an impressive picture. In 2017 the order backlog increased by around a third and reached a new record level of EUR 6,367m. The order intake even rose by more than 50% to EUR 6,301m. And we don't expect anything to change in the current business year with regard to our good capacity utilisation. This forms the basis for the future growth of our Group.

In 2017 we once again succeeded in acquiring a range of important projects. The largest new orders included in Austria the Mur power plant near Graz and in Germany the

A1 Leverkusen Rhine Bridge, the industrial project BMW Freimann in Munich, the U5 Europaviertel consortium in Frankfurt, the S-Bahn tunnel Erdinger Ringschluss in Munich and the residential project Frankfurter Allee 135 in Berlin. The Musaimeer Pumping Station project was acquired in Qatar as was the Stormwater Tunnel project in Dubai.

The knowhow acquired and the new teams in Germany and Austria are the perfect complement to PORR. We are integrating the new units with a great deal of care in order to guarantee and safeguard our mutual economic success. Management structures and processes have to be agreed. Well over 1,000 new colleagues should get to know the PORR corporate philosophy, to live the culture and to grow together in new teams. The advances made in 2017 make us confident that we will be able to master this process successfully.

We have thereby fulfilled our goal of growing and expanding our market position on the home markets. Now it's time to continue to grow long-term, organically and intelligently – whereby we need to win market share and achieve even better penetration in sectors in which we already operate. Overall, PORR is optimally equipped to continue its growth course in the coming years.

The change in the Executive Board also does justice to this development. As of 1 February 2018 Andreas Sauer is a member of the Executive Board and the new CFO of PORR AG. The requisite resolutions were passed in the Supervisory Board meeting of 6 December 2017. We are delighted to welcome Andreas Sauer to our team as a proven expert in integration, transformation and performance management.

One strategic issue that will lead to major changes in our company is digitalisation. The logic of the digitally networked world is also set to encompass the construction site and play an important role at every individual stage of the value chain. We will continue to expedite our investments in this area in order to generate competitive advantages through digital solutions. We are also mapping out our digitalisation



The PORR Executive Board team, from left: Andreas Sauer, Karl-Heinz Strauss and J. Johannes Wenkenbach

activities in organisational terms. Here we have established a Digital Unit that reports directly to the Executive Board. The Chief Digital Officer manages all activities related to the digital issues of Applications, Development, BIM, Business Excellence and operational IT. With this we want to expand our coverage beyond classic IT and continue to enhance digital competencies in the company.

First and foremost we owe our success to the great dedication of our workforce. After all, construction is a people business –

our team is the most important resource for corporate success. With this in mind, we are also promoting our initiative “We@PORR” and retaining our qualified employees at PORR. Our long-term goal is to harmonize the expectations that a new generation has regarding their employer with our own corporate goals.

Last but not least, our thanks go to you, our shareholders, who have remained loyal to PORR for many years and contributed to our strategic decisions.

Sincerely, Your Executive Board

Karl-Heinz Strauss
Chairman

Andreas Sauer
Executive Director

J. Johannes Wenkenbach
Executive Director

Project Highlights





Varrod Bridge

Bridge over Topdals Fjord

Kristiansand I Norway

Bridge length: 654m

Construction period: 2017-2020

THE ICON VIENNA

Commercial building
Vienna | Austria
Gross floor area: 134,500m²
Construction period: 2015–2018



Prokocim

Headquarters of the university hospital
Hospital construction
Krakow | Poland
Gross volume of all buildings:
approx. 506,000m³
Construction period: 2015-2019



VBG head office

Office building
Hamburg | Germany
Certified to DGNB Gold
Construction period:
2015-2017





Pöttinger assembly hall

Special buildings
Vodňany | Czech Republic
Construction period: 2015–2017



Green Line, Doha metro

Underground railway line
Doha | Qatar
Hours worked by March 2018:
75,588,839
Construction period: 2013–2018

E30 railway line

Railway construction
Poland
Construction period:
2017-2021



Sebeş-Turda motorway

Construction of a section of motorway
Sebeş | Romania
Asphalt laid: 220,000t
Construction period: 2014-2017





Koralm Tunnel KAT 3

Tunnelling
Carinthia-Styria | Austria
Length of tunnel section: 12.6km



Steinbühl Tunnel
Two-tube railway tunnel
Wendingen, Ulm | Germany
Tunnel length: 4,847m
Construction period: 2012-2019



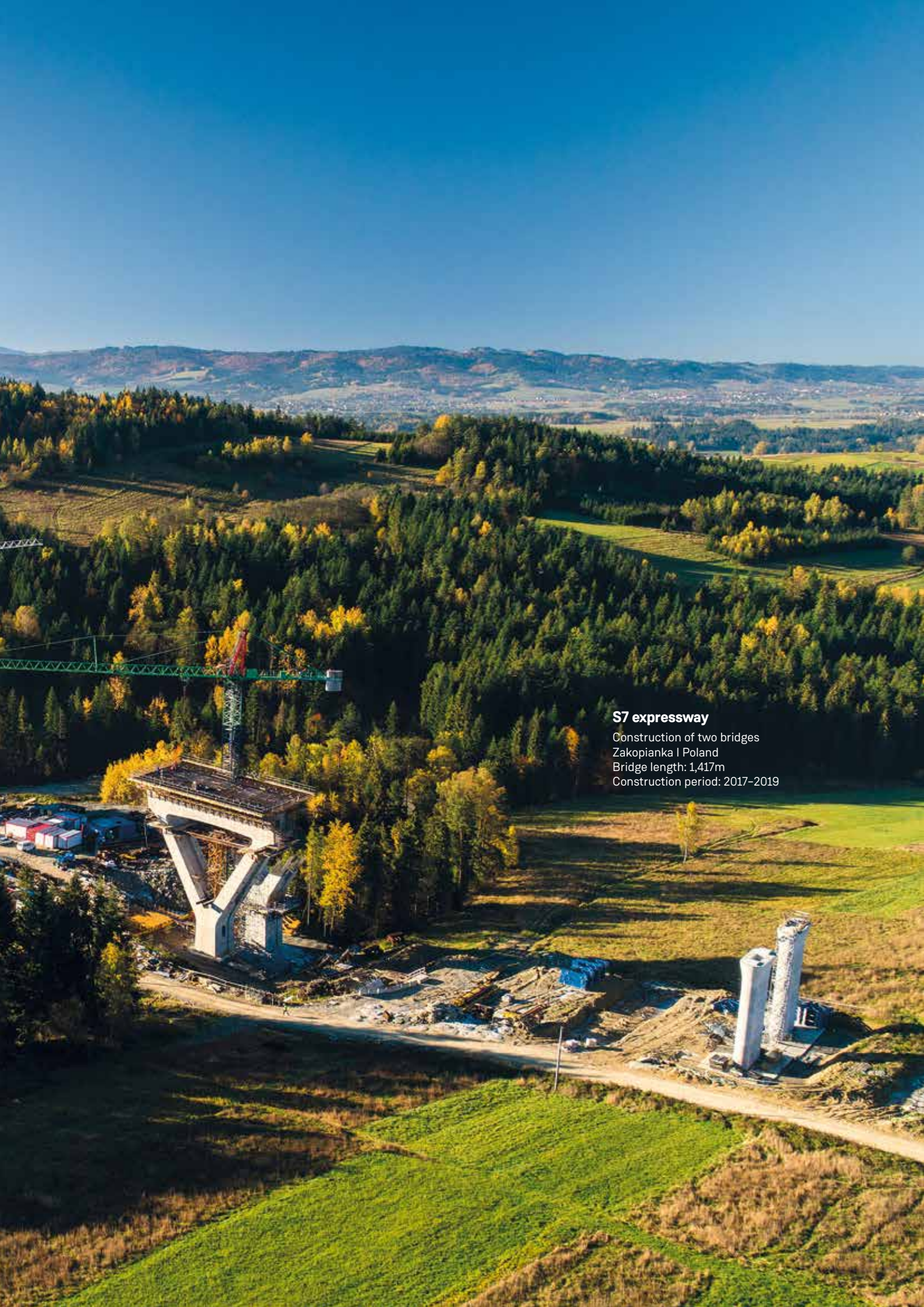
Dorfnest overpass
Master building works on
flying junction
Kloten | Switzerland
Construction period: 2016-2018



**Gravel washing plant
at landfill site**

Gravel production
Markgrafneusiedl | Austria
Gravel production/year: 300,000t





S7 expressway

Construction of two bridges
Zakopianka | Poland
Bridge length: 1,417m
Construction period: 2017-2019



Fylkesveg 17 Liafjellet

Tunnelling and road construction
Nordland Province | Norway
Bedrock removed: 300,000m³
Construction period: 2016-2019



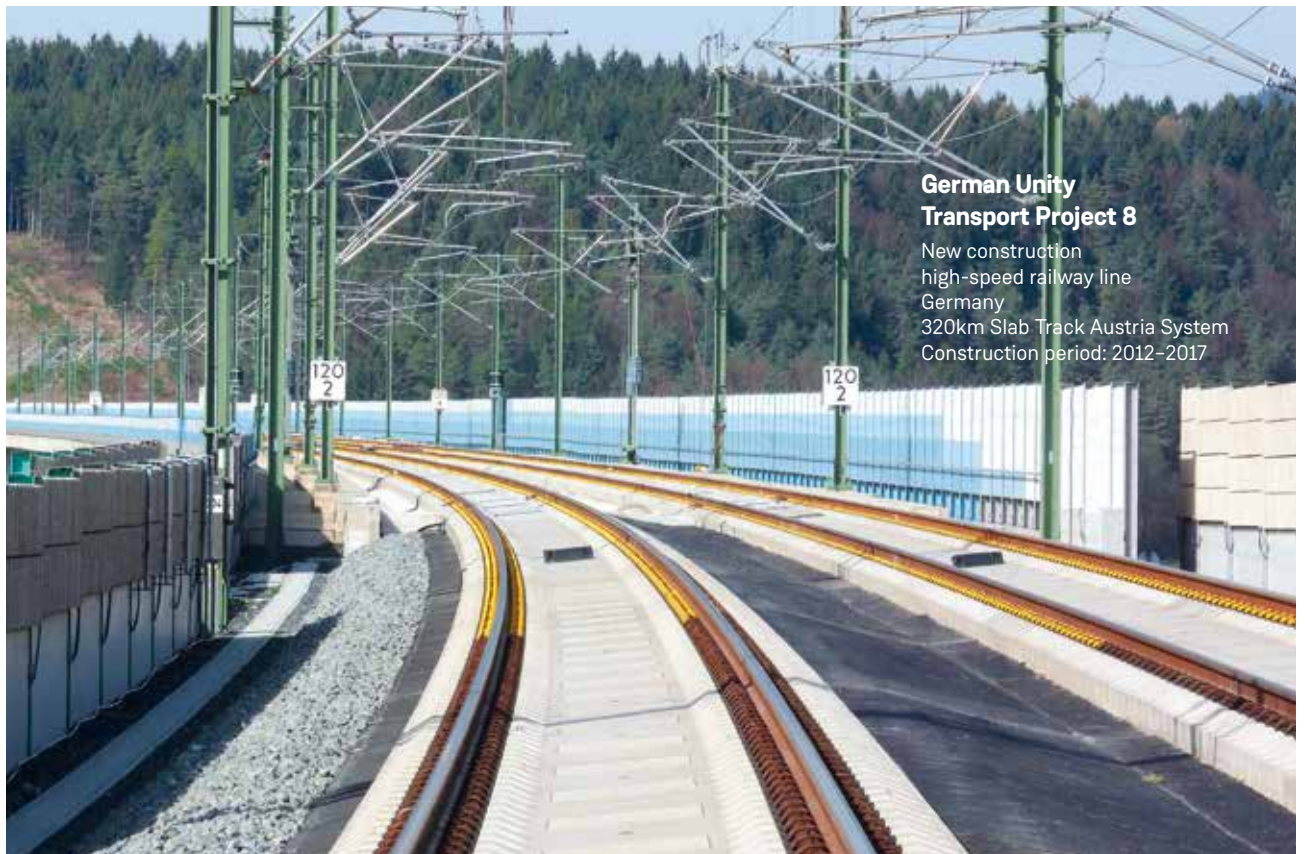
Boehringer LSCC

Pharmaceutical production facility
Vienna | Austria
Gross floor area: 56,072m²
Construction period: 2017-2019



Al Wakrah Stadium

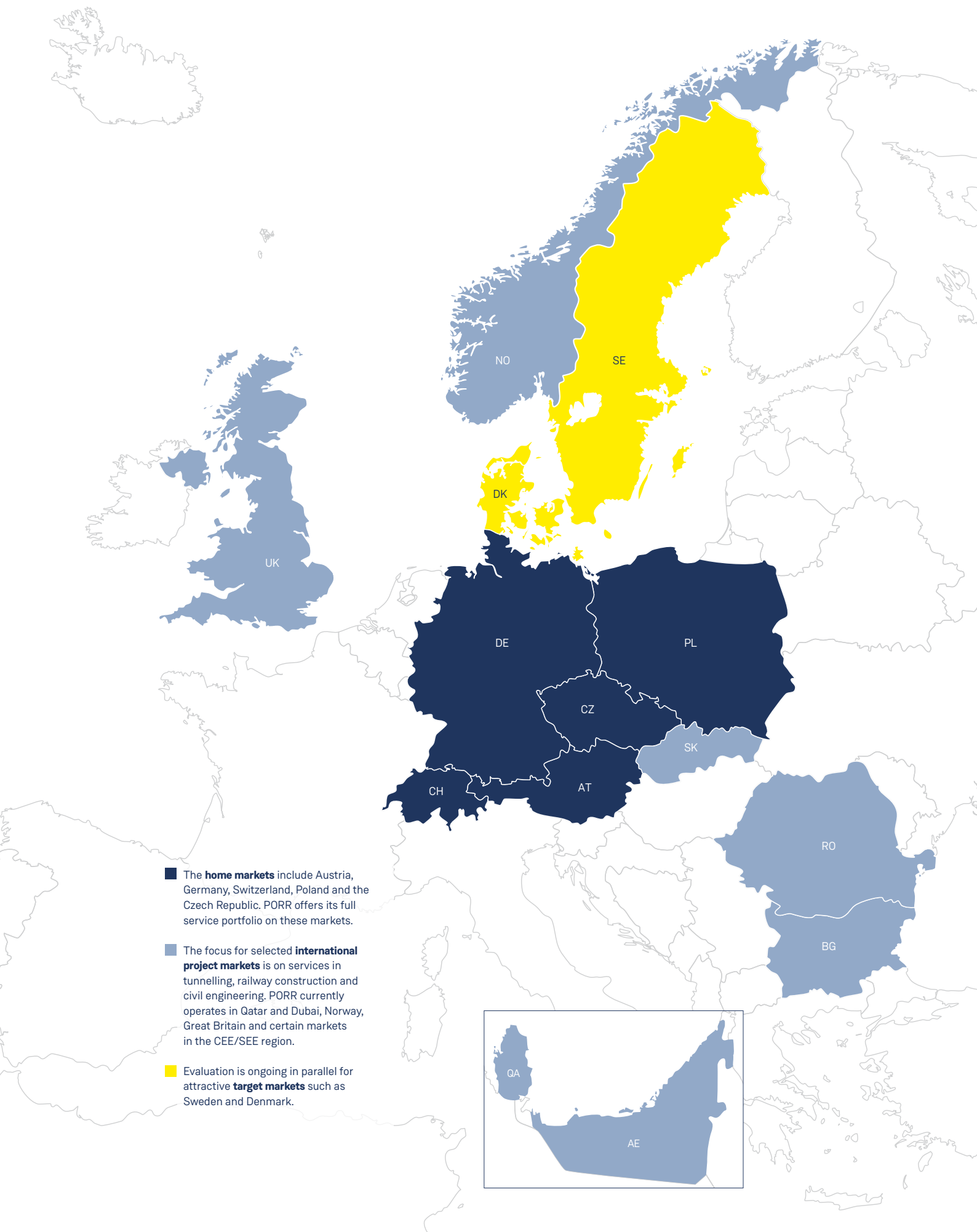
Stadium
Doha | Qatar
Area: 560,000m²,
40,000 capacity
Construction period:
2016-2018



German Unity Transport Project 8

New construction
high-speed railway line
Germany
320km Slab Track Austria System
Construction period: 2012-2017

About PORR



■ The **home markets** include Austria, Germany, Switzerland, Poland and the Czech Republic. PORR offers its full service portfolio on these markets.

■ The focus for selected **international project markets** is on services in tunnelling, railway construction and civil engineering. PORR currently operates in Qatar and Dubai, Norway, Great Britain and certain markets in the CEE/SEE region.

■ Evaluation is ongoing in parallel for attractive **target markets** such as Sweden and Denmark.

Business Model and Markets

Core competency – construction

PORR is committed to its core competency – construction. It is the leading construction company in Austria and one of the industry’s most significant operators on the home markets of Germany, Switzerland, Poland and the Czech Republic. The focus is on earnings power, sustainable financial stability and a well-balanced risk profile. PORR builds as much as possible itself. The organisational structure caters to the differing requirements of the permanent business and project business.¹

Focus on the home markets

The focus of the business is on the growing and stable home markets in which PORR offers its entire portfolio. Furthermore, the company is active in the project markets of Qatar and Dubai, Norway, Great Britain and selected countries in the CEE/SEE region. Here the construction company operates selectively with its export products in tunnelling, railway construction and civil engineering. PORR is a full service provider for construction projects of every level of complexity. The broad service range and the complete value chain allow the company to provide services that span a project’s entire lifecycle. In 2017 PORR and its 17,719 staff members generated production output of EUR 4,738m and maintained the successful growth course.

Intelligent growth

Intelligent growth is the central element of the corporate strategy. In the period under review the PORR portfolio was strengthened in Austria and Germany in important sectors and regions. In this respect, the company does not want to

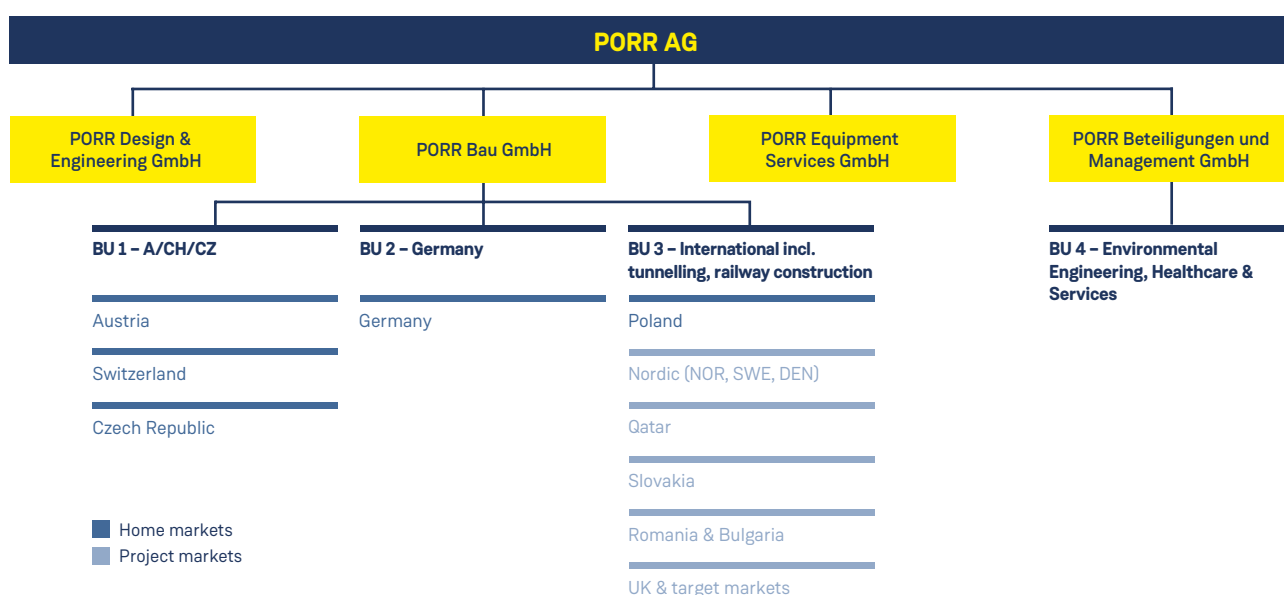
2017 in figures

Production output	+20.7%	EUR 4,738m
Order backlog	+32.5%	EUR 6,367m
Order intake	+51.8%	EUR 6,301m
Staff	+15.6%	17,719

be the biggest construction company in Europe; it wants to be the best. The goal is to bring together the high standards of quality, technology and efficiency in collaboration with every person involved in a project – whether their role is as a builder or as a user. Values such as trustworthiness, reliability, customer focus, teamwork and a partnership approach are core components of the PORR identity.

Powerful business units

PORR’s activities are divided into four business units: the strongest segment by a considerable margin in terms of output is Business Unit 1 – Austria, Switzerland and Czech Republic. In 2017 around 51% of production output was generated by this unit, which bundles the permanent business on the named markets along with large-scale building construction projects. Since 2016 the activities in Germany have been housed in Business Unit 2 – Germany. Business Unit 3 – International concentrates on Poland and other CEE/SEE countries, Great Britain, Qatar and Norway. Business Unit 4 contains all services in the areas of Environmental Engineering, Healthcare & Services.



¹ Permanent business: PORR offers permanent coverage of all construction services in every area. Project business: PORR selectively offers services that offer value added for the company.

Corporate Strategy

Intelligent growth

PORR aims to achieve sustainable, long-term increases in production output and earnings through intelligent growth, whereby earnings always take precedence over output. For this, the company relies on its core competency – the construction business. PORR is committed to its role as a construction company and strives to realise as many construction services as possible itself. PORR does justice to the differing needs of the permanent business and project business through its organisational structure, which involves a subdivision into different business units with appropriate focal points. The permanent markets are Austria, the Czech Republic and parts of Switzerland. On every other market PORR deploys a project-driven business approach, concentrating on the sectors in which it can offer clear value added.

PORR markets

PORR differentiates between home markets, project markets and target markets in its market strategy.

Home markets: In 2017 PORR generated 87% of its production output on the home markets of Austria, Germany, Switzerland, the Czech Republic and Poland. In Austria the PORR Group intends to safeguard its position as market leader and to grow in niche areas. In Germany the focus is on consolidation and increasing earnings, following on from the growth course of recent years. PORR has defined Germany as its most important foreign market and offers its entire portfolio of construction services here. Furthermore, PORR is positioned as a reliable construction partner to German industry, known for its trustworthiness and adherence to deadlines and budgets. In Switzerland, Poland and the Czech Republic PORR has plans for a selective expansion of activities, whereby it is striving for complete coverage in the Czech Republic in particular. The Scandinavian market should be cultivated from Poland, drawing on the existing knowhow available.

Project and international markets: In Slovakia, Romania, Bulgaria, Norway, Great Britain, Qatar and the United Arab Emirates (UAE), PORR operates selectively with its export products – predominantly in tunnelling, railway construction and civil engineering (specialised and large-scale projects). These special products can also be offered on other international markets as individual projects if there is shown to be clear value added. In addition, PORR realises projects from longstanding industrial clients on a follow-your-customer principle. Internationally PORR is pursuing further growth in the infrastructure sector.

Sweden and Denmark are currently classed as **target markets**. Here PORR relies on cooperation with local partners in order to combine the knowhow and technical expertise of PORR with the market-specific knowledge, skills and manpower of local partners. PORR has already embraced this approach in the existing markets of Norway and Great Britain as well as in Qatar and most recently in Dubai.

Strict discipline regarding costs, capital and risks

Intelligent growth also means profitable growth with the goal of continuously improving earnings. The basis for this involves a risk-based approach to tender processes for new projects – “earnings over output” – and the proactive management of the cost base. The comprehensive risk management extending from project calculation to realisation should minimise the number and impact of loss-making construction projects. Disciplined capital expenditure, a clear division of responsibilities within optimised structures and cutting-edge information management systems form another strategic pillar for PORR. Transparency and clarity in all business activities are central principles of the company. PORR is the only construction company in Europe certified under the Anti-bribery standard ISO 37001.

The future is digital

Digitalisation and BIM (Building Information Modeling) will completely transform the construction world in the coming years. It is therefore essential to anchor these issues in the company. PORR has founded a Digital Unit in order to be prepared for the challenges of digitalisation and initiated a proprietary digitalisation project. The project is the strategic implementation plan for digitalising PORR and is being realised through cross-sector teamwork. These teams take an interdisciplinary approach under the intensive contribution of the Digital Unit, PORR Design & Engineering, PORR Equipment Services and, first and foremost, the operating staff from every unit. The project extends across every business unit, regional unit and the corporate headquarters. The goal of every digital initiative is to develop new solutions that make internal processes more efficient and offer clients value added.

Focus on innovation

In order to be one of the best, it is essential to build on existing technology and initiate new research projects. PORR pursues an integrated research approach under which all units have access to centrally managed research resources such as laboratories. Employees who are encouraged to launch and realise new projects are the true innovation drivers, as is the cooperation with universities and research institutes.

PORR on the Stock Exchange

Positive stock exchange performance

In the year under review, 2017, the capital markets were characterised by a strong upsurge and low levels of volatility. The positive price performance was supported by pleasing economic and corporate data over the course of the year and an easing of the interest rate environment. US shares put in a strong performance in 2017. Powerful growth and low inflation combined with optimistic economic forecasts to create a positive stock market backdrop. In addition, the Federal Reserve continued its moderate approach with three interest rate hikes. The more specific expression of the planned tax reform in December triggered a final rally on the American stock exchanges. The leading US index Dow Jones Industrial (DJI) thereby managed to achieve its strongest increase in years, closing up 25.2% at year-end 2017.

The situation in Europe was somewhat more volatile. After a good start in the first quarter of 2017, European stocks were temporarily hampered by political risks and the solid euro. In particular, the elections in France and Germany, speculation surrounding a change of strategy by the European Central Bank (ECB) and the North Korea crisis led to a temporary increase in risk aversion in 2017. From September the markets increasingly began to recover. The ECB stuck to its expansive, zero-interest monetary policy, but announced a further decrease in bond buying for the start of 2018.

Against this backdrop, the eurozone index EURO STOXX 50 underwent a moderate increase of 6.5%. In contrast, the leading German index DAX achieved a strong full-year

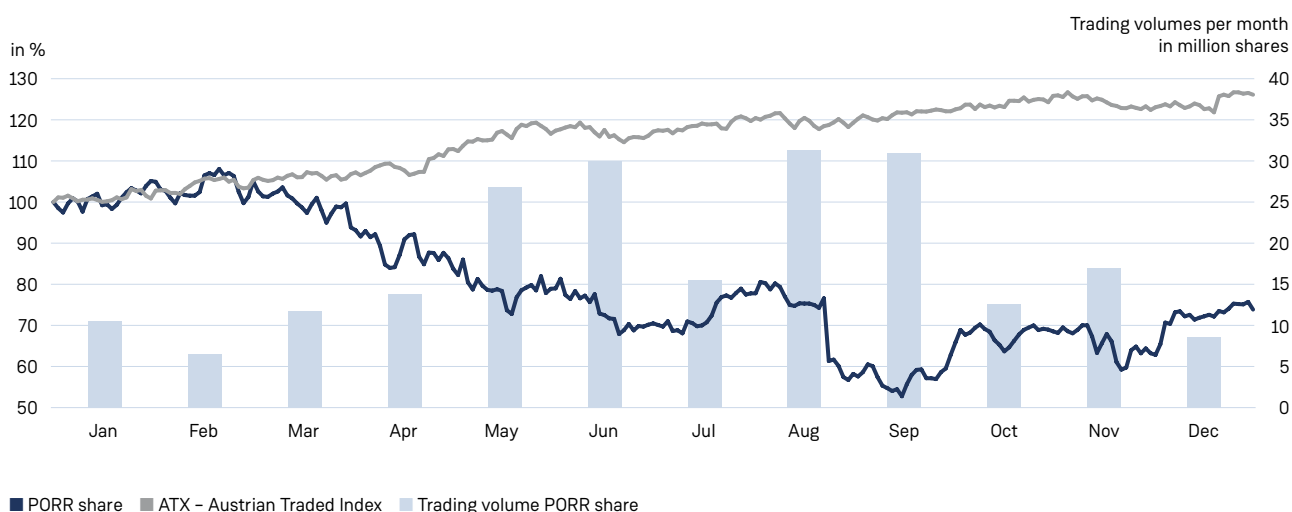
performance – the good mood of the German economy is continuing unabated. The index ended the year 2017 with an impressive plus of 12.5% – significantly higher than the average of recent years. It thereby outperformed the EURO STOXX 50, although it lagged behind the DJI and the ATX.

The Vienna Stock Exchange had an exceptional year. The Austrian share index ATX was among the best performers in Europe with an increase of 30.6% at year-end 2017. The driving forces were dynamic export growth, rising investments and the good earnings situation for domestic industry.

PORR share with price corrections

PORR is listed on the prime market of the Vienna Stock Exchange and is included in the ATX Family Index. The PORR share started 2017 at EUR 38.27 and reached its year-high of EUR 41.31 at the end of February. The price then came under pressure and a correction took place. The rapid market expansion in Germany and higher logistics costs in Qatar led in August to a downwards revision of the earnings guidance for the full-year 2017. This caused a slump in the share price, whereby the year-low of EUR 22.80 came on 13 September. There was then a slight recovery upon publication of the third-quarter results, putting an end to the downward trend of 2017. The price recovered by 4.2% in the fourth quarter; nevertheless, it was down by 28.5% against the end of the previous year and closed at EUR 27.84 at year-end. The average trading volumes amounted to 43,549.60 shares, more than doubling against the previous year. At year-end 2017 market capitalisation stood at EUR 810.0m.

Share price and trading volumes of the PORR share 2017 (Index)



PORR shares – stock market indicators

		2017	2016
Price at 30 December	EUR	27.84	38.92
Year high	EUR	41.31	39.36
Year low	EUR	22.80	22.24
Earnings per share	EUR	2.09 ¹	2.23
Dividends per share	EUR	1.10 ²	1.10
Dividend yield	%	3.95	2.83
Payout ratio ²	%	52.51	49.73
Market capitalisation at 30 December	EUR m	810.0	1,132.4
Price-earnings ratio at 30 December		13.26	17.49
Number of shares in issue at 31 December	No.	29,095,000	29,095,000

¹ Based on the weighted average of shares in acc. with IAS 33

² Proposal to the Annual General Meeting

Strengthening the capital base

As the first issuer in 2017, in February PORR concluded the issue of a subordinated bond (hybrid bond) with perpetual maturity. A total volume of EUR 125m was placed with national and international institutional investors. The coupon was fixed for the first five years at 5.5% p. a.; PORR is entitled to exercise an early redemption option after five years.

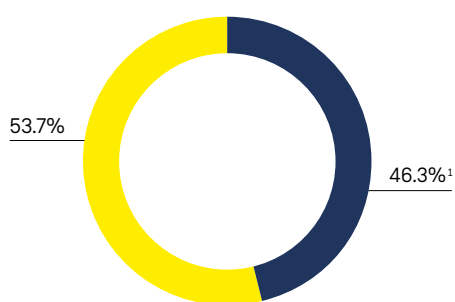
International shareholder structure

The syndicate (Strauss Group, IGO-Ortner Group) held the majority of shares outstanding of 53.7%. The free float of 46.3% has a broad dispersion, whereby the focal points were primarily on Austria (29.0%) and Great Britain (17.7%). US investors accounted for 11.0%, while 14.8% of free-float shares were in Germany and France.

Analyst coverage

The PORR share is currently covered by six brokers. Hauck & Aufhäuser and SRC Research gave a Buy recommendation.

Shareholder structure (in %)



■ Syndicate (Strauss Group, IGO-Ortner Group)
■ Free float

¹ Of which 5.85% Heitkamp Construction GmbH, 4.05% Wellington Management Group LLP and 3.37% PORR Management and treasury shares PORR AG

ERSTE Group, Berenberg Bank, Raiffeisen Centrobank and Kepler Cheuvreux recommend a Hold for the share. The analysts' consensus is EUR 29.60.

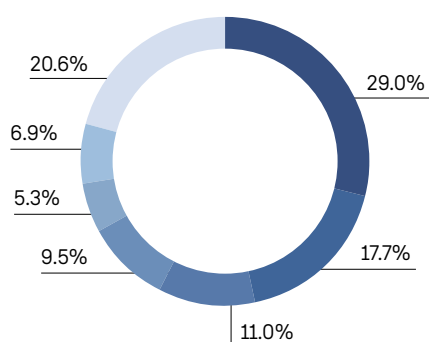
Dividends

The Executive Board and the Supervisory Board will propose a dividend of EUR 1.10 to the Annual General Meeting. PORR is thereby maintaining its dividend policy that specifies a payout ratio of 30% to 50%.

Investor Relations

The objective of Investor Relations is a transparent and timely information policy. Thereby all stakeholders should be able to make an appropriate assessment of the PORR share on the capital market. This is supported by constant and open dialogue with all capital market participants.

Geographic split of free float (in %)²



■ Austria
■ Great Britain
■ US
■ Germany
■ France
■ Central and Northern Europe
■ Rest of the world

² Including PORR Management and treasury shares PORR AG

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 observance of the Austrian Code of Corporate Governance. A top priority 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 upholding 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 took place in 2015. BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft was hired to conduct the assessment and confirmed PORR's adherence to the C Rules in its report of 22 January 2016.

In accordance with Rule 36 of the Austrian Code of Corporate Governance, in 2017 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 in 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. The existing

remuneration system has proven its value in practice. For these reasons, PORR does not see a need for new regulations.

Publishing every detail related to Executive Board remuneration, in particular the individual performance criteria of the variable component, will not be undertaken as, in PORR's opinion, this information will not be of any particular relevance to the capital markets for PORR shareholders and other parties.

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 a 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 contain 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 to the public on the homepage 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 Group 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 three 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 or an extension of this period (each for a maximum of five years) is permitted. 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 types of business which require its approval in addition to the legally stipulated (Section 95 Paragraph 5 Stock Corporation Act) cases. 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 of the public. 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 Group is represented by two Executive Board members, or by one Executive Board member with one authorised signatory. With legal restrictions, the Group can also be represented by two authorised signatories. 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 2017 the following people sat on the Executive Board:

The Executive Board

Board member	Date of birth	Position and responsibilities	Member since	Appointed until
Karl-Heinz Strauss	27.11.1960	Chairman of the Executive Board and CEO	13.9.2010	31.12.2019
Christian B. Maier	9.1.1966	Executive Board member and CFO	1.2.2012	31.12.2017 ¹
J. Johannes Wenkenbach	26.2.1957	Executive Board member and COO	1.2.2012	31.1.2020

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 in 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 at PORR AG since 13 September 2010. In 2017 he was responsible on the Executive Board for Risk Management/Compliance, the Office of the Executive Board and Strategy, Business Unit 1 – A/CH/CZ, Business Unit 2 – Germany, Business Unit 4 – Environmental Engineering, Healthcare & Services, along with Internal Audit, Corporate Communica-

tions, Legal Affairs, Human Resources, Quality Management, PORR Design & Engineering and Corporate Development.

MMag. Christian B. Maier was born on 9 January 1966 in Judenburg, Austria. He graduated in mechanical engineering from HTBL Kapfenberg, a secondary industrial college, before going on to study geology and business administration in Vienna. His career led him to Creditanstalt and Bank Austria AG, where he was part of the team responsible for incorporating Creditanstalt into Bank Austria in 1997/1998. From 1998 to 2003 Christian B. Maier was an Executive Board member and CFO of the listed company Unternehmens Invest AG. In 2003 he moved to Constantia Industries as Executive Board member and CFO, where he played a key role in the company's success.

Christian B. Maier was appointed to the PORR AG Executive Board on 1 February 2012 and was the PORR CFO. In 2017 he was responsible on the Executive Board for Risk Management/Compliance, Financial management of the operating units, Group Management, Accounting, Controlling/ICS, Financial Management/Treasury/Insurance, Tax, IT and Organisation. Christian B. Maier resigned his Executive Board mandate with effect from 31 December 2017. Karl-Heinz

Strauss assumed his responsibilities on an interim basis. On 6 December 2017 the Supervisory Board unanimously appointed Andreas Sauer as member of the Executive Board and new CFO of PORR AG with effect from 1 February 2018.

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. 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; most recently Andreas Sauer was the CFO of the operating business for Nokia Mobile Networks. PORR is now profiting from his comprehensive expertise and international experience.

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. In 2017 he was responsible on the PORR Executive Board for Risk Management/Compliance, Business Unit 3 – International, as well as for Purchasing and PORR Equipment Services GmbH.

The members of the Group'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 2017

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	Supervisory Board Chair
Christian B. Maier	Rath Aktiengesellschaft ¹	Supervisory Board member
	Raiffeisenbank Aichfeld eGen	Supervisory Board member
	UBM Development AG ¹	Supervisory Board member

¹ Listed on the stock exchange

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 2017

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 Deutschland GmbH	Chairman of the Supervisory Board
	PORR SUISSE AG	President of the Administrative Board
	TEERAG-ASDAG Aktiengesellschaft	Chairman of the Supervisory Board
Christian B. Maier ²	PORR AG ¹	Executive Board member
	PORR Bau GmbH	Deputy Chairman of the Supervisory Board
	PORR Bauindustrie GmbH	Managing Director
	PORR Construction Holding GmbH	Deputy Chairman of the Supervisory Board
	TEERAG-ASDAG Aktiengesellschaft	Deputy Chairman of the Supervisory Board
J. Johannes Wenkenbach	PORR AG ¹	Executive Board member
	PORR Bau GmbH	Supervisory Board member
	PORR Deutschland GmbH	Supervisory Board member
	PORR Construction Holding GmbH	Supervisory Board member
	PORR S.A.	Chairman of the Supervisory Board
	TEERAG-ASDAG Aktiengesellschaft	Supervisory Board member

¹ Listed on the stock exchange

² In a letter dated 15 November 2017, Christian B. Maier explained that he would resign from all of his functions in the PORR Group with effect from 31 December 2017.

The Group'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 2017 the Group's Supervisory Board consisted of nine members appointed by the AGM and five 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 which 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 post 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 2017 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 Chair-

man'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 2017, 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	Function	Member since	Appointed until
Karl Pistotnik ⁴	12.8.1944	Chairman of the Supervisory Board ²	6.12.2012	AGM 2019 ¹
Klaus Ortner	26.6.1944	Deputy Chairman ²	30.7.1998	AGM 2019 ¹
Michael Diederich ^{4,5}	28.8.1965	Member	22.5.2014	AGM 2019 ¹
Robert Grüneis ^{4,5}	22.5.1968	Member	22.5.2014	AGM 2019 ¹
Walter Knirsch ^{4,5}	8.2.1945	Member	6.12.2012	AGM 2019 ¹
Iris Ortner	31.8.1974	Member	27.5.2010	AGM 2019 ¹
Bernhard Vanas ⁴	10.7.1954	Member	6.12.2012	AGM 2019 ¹
Susanne Weiss ^{4,5}	15.4.1961	Member	6.12.2012	AGM 2019 ¹
Thomas Winischhofer	26.5.1970	Member	29.5.2008	AGM 2019 ¹
Peter Grandits ⁷	9.12.1959	Member	13.9.2001	n/a
Gottfried Hatzenbichler ⁷	17.12.1971	Member	26.6.2017	n/a
Walter Jenny ⁷	12.12.1954	Member	1.9.2005	26.6.2017 ^{3,6}
Michael Kaincz ⁷	31.1.1960	Member	9.6.2011	n/a
Wolfgang Ringhofer ⁷	15.2.1971	Member	26.6.2017	n/a
Michael Tomitz ⁷	4.1.1961	Member	9.6.2011	n/a

¹ The Supervisory Board members are appointed by the Annual General Meeting until the end of Annual General Meeting which will rule on the fiscal year 2018.

² Since 6 December 2012 Karl Pistotnik has been the Chairman of the Supervisory Board and Klaus Ortner has been the Deputy Chairman.

³ Walter Jenny was not a member of the Supervisory Board from 6 November 2012 to 6 December 2012.

⁴ Has declared him/herself independent in line with C Rule 53 of the Austrian Code of Corporate Governance

⁵ 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

⁶ Date of leaving the Board

⁷ Appointed by the Works Council

The members of the Group'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 2017

Name	Company	Function
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
Michael Diederich	Bayerische Börse AG	Deputy Chairman of the Supervisory Board
	ESMT - European School of Management & Technology GmbH	Supervisory Board member
Walter Knirsch	Finanzmarktaufsicht (FMA) ²	Supervisory Board member
Iris Ortner	TKT Engineering Sp. z o.o. (Poland)	Deputy Chair of the Supervisory Board
	ELIN GmbH	Deputy Chair of the Supervisory Board
	UBM Development AG ¹	Deputy Chair of the Supervisory Board
Bernhard Vanas	SDN Beteiligungs GmbH	Supervisory Board member
	UBM Development AG ¹	Supervisory Board member
Susanne Weiss	Wacker Chemie AG ¹	Supervisory Board member
	ROFA AG	Chair of the Supervisory Board
	Schattdecor AG	Supervisory Board member
	UBM Development AG ¹	Supervisory Board member
Thomas Winischhofer	TKT Engineering Sp. z o.o. (Poland)	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 PORR AG.
- 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 Michael Diederich, 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 Michael Diederich, Robert Grüneis, Walter Knirsch and Susanne Weiss have declared that they meet these criteria.

Supervisory Board committees

In the business year 2017 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 2017:

- Karl Pistotnik (Chair)
- Klaus Ortner
- Michael Diederich
- Bernhard Vanas (financial expert as defined in Section 92 Paragraph 4a Stock Corporation Act)
- Thomas Winischhofer
- Peter Grandits
- Michael Kaincz (since 18 April 2017)
- 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 (Article 5 of EU Regulation Nr. 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 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 Nr. 537/2014 applies.

On 24 April 2017 a meeting of the audit committee was held in the presence of the auditors for the purpose of auditing and preparing the approval of the 2016 consolidated financial statements. At the same meeting, the Supervisory Board selected the auditor for the individual and consolidated financial statements as of 31 December 2017. In a meeting on 20 September 2017 the audit 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 changes caused by the reform to the EU Audit Act were discussed in detail with the auditor, as were the principles and approach of the audit. An additional meeting of the audit committee was held on 23 November 2017 in accordance with Rule 81a of the Austrian Code of Corporate Governance, in which the monitoring of the 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 a meeting on 6 December 2017, the audit committee 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.

Nomination committee

The nomination committee was composed of the following Supervisory Board members in 2017:

- 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 deci-

sion by the full Supervisory Board on the basis of a specific appointment process and taking into account the 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 General Meeting 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 which 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.

The nomination committee met on 24 October 2017 and 20 November 2017 and dealt with issues relating to the Executive Board.

Remuneration committee

The remuneration committee consisted of the following members in 2017:

- 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 3 April 2017 which dealt with determining the 2016 annual bonus for the members of the Executive Board of PORR AG.

Disclosure on Executive Board remuneration

Remuneration policy principles

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

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 2017 was EUR 595,000 gross per year for the Chairman of the Executive Board and EUR 425,000 gross per year for the Executive Board members Christian B. Maier and J. Johannes Wenkenbach. For exceptional services related to the financial market activities of PORR AG, Christian B. Maier received compensation of EUR 250,000.

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

An annual contribution of EUR 40,000 each was paid into a pension scheme for Executive Board members Christian B. Maier and J. Johannes Wenkenbach.

In relation to the end of his Executive Board mandate, Christian B. Maier received a severance payment of EUR 1,577,280 in line with his contract.

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

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 2017 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 Annual General Meeting (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 11 July 2013 determined the following remuneration for members of the Supervisory Board: the resolution states that the Chairman of the Supervisory Board shall receive fixed remuneration of EUR 25,000 per year, the Deputy Chairman of the Supervisory Board shall receive fixed remuneration of EUR 20,000 per year and the other members shall receive fixed remuneration of EUR 15,000 per year. The attendance fee for meetings was set at EUR 1,000 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.

Executive Board remuneration

in EUR	Salary 2017	Variable bonus	Pension fund
Karl-Heinz Strauss	750,000	595,000	39,183.97
Christian B. Maier	500,000	675,000	40,000.00
J. Johannes Wenkenbach	500,000	425,000	40,000.00

Disclosure on Supervisory Board remuneration 2017

in EUR	Fixed remuneration ¹	Attendance fee for meetings ²
Michael Diederich	15,000	4,000
Robert Grüneis	15,000	5,000
Walter Knirsch	15,000	5,000
Iris Ortner	15,000	5,000
Klaus Ortner	20,000	6,000
Karl Pistotnik	25,000	6,000
Bernhard Vanas	15,000	5,000
Susanne Weiss	15,000	5,000
Thomas Winischhofer	15,000	5,000

¹ Payout four weeks after the AGM

² The attendance fee for meetings is EUR 1,000 per session.

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.

Diversity in the PORR Group

Diversity in terms of culture and staff is highly valued at PORR and deliberately promoted through targeted measures. This enables employees to make the most of their potential and to further develop their skills and strengths, which in turn also helps to drive up the company's success. This is why PORR started the diversity initiative "We@PORR" in 2015 and why it is a signatory of the UN Global Compact and the Diversity Charter, a member of respACT (Austrian business council for sustainable development) and a cooperation partner to Companies for Families.

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

- Securing a sustainable flow of skilled labour through internal training/further development programme
- 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
- Enhancing the power of innovation by having heterogeneous teams at every level of the hierarchy
- Increasing the appeal of PORR as the "best place to work"

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 stipulations 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 election, 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 stipulations, 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 stipulations 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.

The Executive Board of PORR AG consists of three men of different nationalities. Their ages range between 49 and 61. They have a professional and educational background in technology/engineering/construction and/or commerce.

Two of the nine shareholder representatives on the Supervisory Board of PORR AG are women. The shareholder representatives are between 44 and 74 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

Female managers are active in the PORR Group at various levels of the organisation, for example as division heads, managing directors, female authorised signatories and two female members of the Supervisory Board.

Positive action for women at every level of the hierarchy poses a particular challenge for PORR AG and its consolidated companies. The fact that very few women choose a technical career has led to a traditionally low ratio of women in the construction industry. It is also seen as the main barrier to the future appointment of female managers in top positions. The primary goal is therefore to encourage girls and women to take up technical professions and those in the construction industry. Targeted employer branding measures such as participating in the "Vienna Daughters' Day" and "Apprentice Day", as well as the "PORR@HAK" road show, give an insight into apprenticeships, technical and commercial vocations and graduate positions, thereby making the male-dominated construction sector more attractive to women.

With regard to recruiting managers, PORR's focus lies in finding appropriate female candidates. The first signs of this strategy's success can already be seen in the continuous increase in the percentage of women at management level. Another measure is the increased focus on female students

at graduate jobs fairs in order to highlight the attractive opportunities in the construction industry. The increase in the share of women in operational units should lead to a reservoir of qualified women which can also supply the upper management levels in the medium term.

In addition to the employer branding activities to attract new female employees, it is essential to give existing female staff the chance to forge their careers within the PORR Group itself. One priority here is ensuring greater compatibility between professional and private life. This is why the PORR Group started the PORR diversity initiative "We@PORR" in 2015. The catalogue of measures includes more flexible working-hours models, a proactive management concept for parental leave (e.g. supporting paternity leave, professional development opportunities during parental leave, the option of staying in touch with the company via smartphone/laptop) and an enhanced range of family and care support (e.g. Parent-Child Office, childcare on school-free days or in the summer holidays, family-friendly meeting culture, PORR Care+ and PORR nursing leave).

A further focal point is the company's women's network: "Women@PORR". The goal is promoting a stronger network and more intensive exchange of experiences among female colleagues. This is why best-practice examples and role models are regularly presented, reporting on their professional life and giving tips. Furthermore, since autumn 2016 there has been special training for women, dedicated in particular to developing skills, as well as focusing on strengthening and promoting personal initiative. The training initiative "Empowerment for women in the world of construction" encourages female employees in the PORR Group, particularly those in the operating business, to take up management positions in the future. Furthermore, there is a mandatory two-day diversity training for all management staff.

Another measure for female staff is the pilot project "Mentoring for women", introduced in December 2016 under which 'high potential' women are specifically nurtured.

Report on Payments to Government Entities

In 2017 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 243c Paragraph 5 of the Commercial Code.

Supervisory Board Report

The business year 2017 was, in the view of the Supervisory Board, characterised by numerous crucial decisions for PORR. These strategic moves will have a significant impact on the company in the years to come and secure additional growth for PORR in the future. The Supervisory Board maintains that by achieving the second-best results in the company's history despite making significant investments, PORR has once again managed to deliver the strong performance in output and earnings displayed in the previous years.

With the organic growth and the acquisitions in Germany, PORR has now reached the size required to do business successfully on its most important foreign market. The Supervisory Board was constantly kept informed by the Executive Board on the costs of the acquisitions and integration processes and believes these to represent an important investment in the future. The Supervisory Board was also regularly updated on Business Unit 2's ongoing projects and results, as well as those of the other business units. In terms of the operating business, PORR achieved increases in line with the intelligent growth strategy, primarily in its home markets and core competencies, whereby the cushion of orders was expanded significantly once again.

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 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. The average level of attendance at Supervisory Board meetings on the part of the members that had been elected by the AGM was 96%.

Following six very successful years, on 15 November 2017 Christian Benedict Maier announced that he would resign his function as CFO of PORR AG with effect from 31 December 2017. Over the past six years Christian B. Maier was heavily

involved in the restructuring of the company and will dedicate himself in future to managing his private companies and expanding his investment companies. The Supervisory Board accepted his resignation from the Executive Board with effect from 31 December 2017 and thanks Christian B. Maier for the good cooperation and countless important projects that were successfully realised in the course of his time in office.

The nomination committee of the Supervisory Board unanimously nominated Andreas Sauer for the post of CFO of PORR AG with effect from 1 February 2018. In the Supervisory Board meeting on 6 December 2017 Andreas Sauer (49) was appointed as a member of the Executive Board and new CFO of PORR AG with effect from 1 February 2018. Andreas Sauer graduated in economics from the University of Mannheim, gaining his MBA in 1995. He began his career at Deutsche Bahn before taking up management positions at Stinnes, Schenker and Infineon. Most recently Andreas Sauer was the successful CFO of the operating business of Nokia Mobile Networks. With Andreas Sauer PORR has secured an expert with a proven track record and comprehensive experience in the fields of integration, transformation and project management. The Supervisory Board wishes Andreas Sauer all the best in his career at PORR.

The Supervisory Board thanks J. Johannes Wenkenbach (COO) and CEO Karl-Heinz Strauss for the successful and productive cooperation it has enjoyed with them.

With the newly composed Executive Board team, the exceptional work performed by the entire staff and an all-time high in the order backlog, the Supervisory Board expects PORR's positive performance to continue once again in the 2018 business year.

Supervisory Board committees

In 2017 the Supervisory Board formed the following committees made up of its members in order to support and deal efficiently with complex issues:

Audit committee

On 24 April 2017 a meeting of the audit committee was held in the presence of the auditors for the purpose of auditing and preparing the approval of the 2016 consolidated financial statements. At the same meeting, the Supervisory Board selected the auditor for the individual and consolidated financial statements as at 31 December 2017. In a meeting on 20 September 2017 the audit committee dealt with mon-

itoring the financial reporting process, evaluating the effectiveness of the internal control system, the internal audit system and risk management within the Group. Furthermore, the new developments relating to the EU Audit Reform Act and the principles and approaches of the audit were discussed in detail with the auditor. Another meeting of the audit committee was held on 23 November 2017 in accordance with Rule 81a of the Austrian Code of Corporate Governance, in which the monitoring of the 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 a meeting on 6 December 2017, the audit committee 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 meeting on 18 April 2018 the audit committee dealt with the report by the auditor on the status of its audit of the individual and consolidated financial statements as of 31 December 2017.

Nomination committee

The nomination committee met on 24 October 2017 and 20 November 2017 and dealt with issues relating to the Executive Board.

Remuneration committee

A meeting of the remuneration committee was held on 3 April 2017 which dealt with determining the 2016 annual remuneration for the members of the Executive Board of PORR AG. A meeting of the remuneration committee was held on 18 April 2018 which dealt with determining the 2017 annual remuneration for the members of the Executive Board of PORR AG.

Annual and consolidated financial statements 2017

The annual financial statements of PORR AG as per 31 December 2017, including the notes to the consolidated financial statements and the management report, and the consolidated financial statements that had been prepared as of 31 December 2017 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 Executive Board's proposal on the appropriation of net profit, and the special consolidated non-financial report were dealt with in detail with the auditors in a dedicated meeting on 25 April 2018 in the audit committee and submitted to the Supervisory Board. The Executive Board proposes to pay out a dividend of EUR 1.10 per share entitled to dividends from the net retained profits of EUR 32,046,431.38 with the rest of the balance carried forward to new account. The audit committee and the Supervisory Board have approved the annual financial statements as of 31 December 2017 and the Group 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 net profits following intensive discussion and auditing. The annual financial statements as of 31 December 2017 have thus been adopted. The audit committee and the Supervisory Board also approved the consolidated accounts for 2017 that had been prepared in accordance with IFRS and the Group management report. The Supervisory Board agreed with the 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 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.

April 2018, Vienna

Karl Pistotnik m.p.
Chairman of the Supervisory Board

Group Management Report

Economic Environment

The economy found itself in a stable growth phase worldwide in 2017 – global GDP growth reached 3.9%. Driven by the current rebound in Europe and Asia as well as positive signals from the US economy, global growth is set to match this level again in the current year. The momentum is spread across a broad base – around 75% of the global economy is participating in the upswing.¹ The boom is also ongoing in the USA, even if the high share prices represent a certain risk for the economy. Overall economic growth in the USA stood at 2.3% in 2017. And the outlook for the first half of 2018 is also positive, with the economy set to grow by 2.4%.² That said, the turbulence on the stock exchange at the start of 2018 has led to increasing uncertainty about an imminent end to the zero-interest-rate policy in the eurozone.

The eurozone economy has shrugged off the crisis years and is on a robust growth course. According to statistics agency Eurostat, GDP rose by 2.5% in the EU-28 and in the eurozone in 2017.³ This means that there has been a significant upsurge in the currency union for five quarters in a row, along with comparatively high growth rates. With regard to the regional distribution and demand components, the economic upswing is spread across a broad base. Especially in Germany, France, Italy and Spain – the four largest countries in the currency union – GDP underwent a sharp expansion in the third quarter of 2017. The positive economic performance is likely to continue in the coming months, with favourable developments also expected on the labour market. Unemployment in the eurozone fell to 8.7% in December, thereby reaching its lowest level in eight years.⁴

In 2017 the Austrian economy benefited from the rapid expansion in foreign trade. According to the Austrian Institute of Economic Research (WIFO), growth reached 2.9% in the year under review.⁵ The expansion continues to be driven by solid demand in every sector. At the same time, consumer spending displayed strong momentum, with expenditure rising by 0.4%. Public expenditure climbed somewhat more strongly by 0.6%. Investment activity continued its strong rise with Austrian companies increasing their demand for investments in equipment and construction. The situation on the Austrian labour market also improved. That said, the seasonally adjusted unemployment rate of 7.9% – despite the increase in the number of people in employment – is very high in national terms.

Developments in the Construction Industry

In 2017 construction volumes in European countries climbed by 3.5% and thereby achieved their sharpest growth since the pre-crisis year of 2006. Construction demand rose in all of the 19 Euroconstruct countries assessed, underlining the broad regional basis for the upsurge. The strongest growth drivers here came from residential construction.⁶

Forecasts for 2018 also predict significant growth for the European construction industry with a further increase of 6% (cumulative) expected by 2020. The growth rates are anticipated to slow down somewhat in residential construction and other building construction, while civil engineering should establish itself as the growth leader in the medium term (4% growth in both 2018 and 2019).⁷

In line with the growth in Europe, the performance of the Austrian construction industry was also positive. At 2.8%, the industry growth mirrored the growth of the overall economy. Against a backdrop of below-average growth rates in the past years, this is seen as an important sign of recovery. The economic rebound stands on a broad foundation, whereby in 2017 all three key construction segments (residential, non-residential and civil engineering) achieved significant gains. The strongest growth was reported by building construction with 3.4%. In particular business-related construction services in commercial, industrial and office construction benefited noticeably from the economic recovery. On the basis of the current backdrop, further growth is forecast for the construction industry for the coming years, albeit at a somewhat slower pace.⁸

Development of Output

PORR's production output is determined from the proportional construction output of all companies in which PORR has a direct or indirect interest, as well as from the proportional output of consortiums involving any one of the PORR Group companies, reconciled pursuant to commercial criteria. As opposed to the gross revenues reported in the consolidated income statement, the output of consortiums on the one hand and the output of all Group companies on the other hand – regardless of their form of inclusion in the consolidated accounts (fully consolidated, equity method, proportionate or those of minor significance) – are included proportionately in the calculation of production output.

¹ International Monetary Fund, World Economic Outlook, <http://www.dw.com/de/iwf-weltwirtschaft-boomt/a-42258785>

² WIFO Monthly Report, 2018, 91(1), p. 3-14

³ Eurostat/press release euroindicators, 20/2018 – 30 January 2018

⁴ WIFO Monthly Report, 2018, 91(1), p. 3-14

⁵ WIFO press release, 21 December 2017

⁶ http://www.euroconstruct.org/jart/prj3/wifo/main.jart?rel=euroconstruct_en&content-id=1500874414119&reserve-mode=active

⁷ WIFO press release: Europe's construction industry returns to pre-crisis growth levels for the first time, 1 December 2017

⁸ Ibid

At year-end 2017 PORR's production output totalled EUR 4,738m, thereby rising sharply by EUR 813m or 20.7%. 86.9% of total production output was generated on the home markets, accounting for EUR 4,116m.

With production output of EUR 2,198m – an increase of EUR 147m or 7.2% – Austria was the most important PORR market once again in 2017. Around 46.4% of total production output was generated at home. Against a backdrop of proactive acquisitions, output in Germany surpassed the billion-euro mark for the first time. At EUR 1,152m – a plus of EUR 347m or 43.0% – the German market achieved the strongest growth in absolute terms in the reporting period. The previously announced expansion in the most important foreign market was thereby delivered. While production output also rose sharply in Poland (67.8%) and Switzerland (20.7%), it declined in the Czech Republic by 7.7%.

This development is also reflected in the segment reporting. All business units reported increases, some of which were significant. Business Unit 1 – Austria, Switzerland, Czech Republic (BU 1) generated production output of EUR 2,428m, a rise of EUR 303m or 14.3%. Business Unit 2 – Germany (BU 2) recorded the highest growth with output of EUR 741m – an increase of EUR 285m or 62.6%. As of 31 December 2017 Business Unit 3 – International (BU 3) generated output of EUR 1,308m, representing growth of EUR 226m or 20.8%. Business Unit 4 – Environmental Engineering, Healthcare & Services (BU 4) also managed to expand its output, albeit to a more moderate extent. It achieved EUR 225m, an increase of EUR 6m or 3.0%. As usual, PORR Umwelttechnik accounted for the largest share of the BU 4 output.

Order Balance

The development in the PORR order situation was also pleasing in 2017. The stronger acquisitions in the reporting period were also reflected here. Despite the strong increase

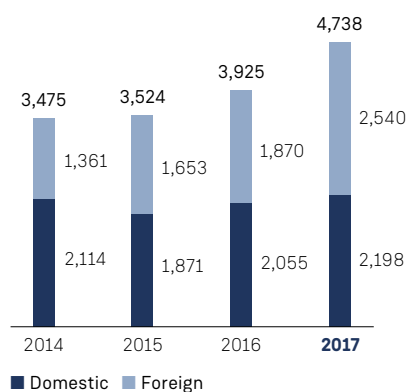
in output, it was also possible to grow the order backlog by around a third. It set a new record of EUR 6,367m – a rise of EUR 1,563m or 32.5%. The cushion of orders is significantly higher than the value of one year's production.

Mirroring production output, the order backlog climbed in every segment. In BU 1 it reached EUR 2,097m, an increase of EUR 433m or 26.0%. The strongest growth was observed in the order backlog of BU 2. It was possible to more than double this in the year under review and it totalled EUR 1,499m, a rise of EUR 760 m or 103.0%. The order backlog also grew in BU 3 and stood at EUR 2,561m as of 31 December 2017, a rise of EUR 334m or 15.0%. BU 4 benefited from the good order situation of PORR Umwelttechnik. The order backlog climbed to EUR 124m, an increase of EUR 7m or 6.7%.

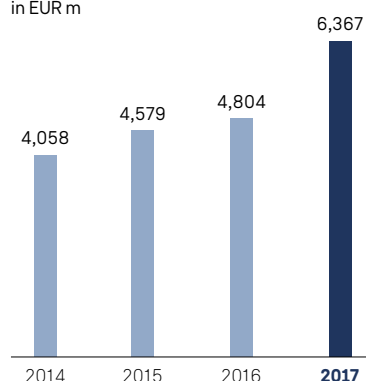
The growth in the order intake was even more pronounced than the order backlog. In 2017 it reached EUR 6,301m, a rise of EUR 2,151m or 51.8%. In BU 1 the order intake rose to EUR 2,783m, an increase of EUR 559m or 25.1%. With new orders of EUR 1,579m, BU 2 achieved the sharpest growth once again – the order intake more than tripled against the previous year. The order backlog of BU 3 amounted to EUR 1,641m, a rise of EUR 529m or 47.5%. BU 4 was the only business unit to see a decline in the value, which fell to EUR 233m, representing a reduction of EUR 21m or 8.3%. This decrease was partly caused by the business activity of BU 4, where certain equity interests are unable to acquire an equal number of tenders every year in light of capacity limitations.

The largest new orders in 2017 in Germany included the A1 Leverkusen Rhine Bridge, BMW Freimann, the U5 Europaviertel consortium in Frankfurt, the S-Bahn tunnel Erdinger Ringschluss and the residential project Frankfurter Allee 135 in Berlin. In Qatar it was possible to acquire the Musaimeer Pumping Station project in addition to the Stormwater Tunnel project in Dubai. Numerous infrastructure projects were acquired in Poland including the railway line LK 354 Poznań-

Production output
in EUR m



Order backlog
in EUR m



Piła, the motorway S7 Mława–Strzegowo and the railway line E30 Kędzierzyn–Opole. In Switzerland PORR was charged with constructing Baloise Park for the client Basler Versicherungen as well as the Gleisribüne at Zurich Central Station. Acquisitions in Austria included the Mur power plant in Graz and the residential complex Leopold Böhm Strasse in Vienna.

Financial Performance

Production output, commonly used in the construction industry as an indicator of size, is determined from the proportional construction output of all companies in which PORR has a direct or indirect interest, as well as from the proportional output of consortiums in which a PORR Group company participates, reconciled pursuant to commercial criteria. In contrast to the gross revenues reported in the consolidated income statement, the output of consortiums on the one hand and the output of all Group companies on the other hand – regardless of their form of inclusion in the consolidated accounts (fully consolidated, equity method, proportional or those of minor significance) – are included proportionately in the calculation of production output.

The production output, order backlog, order intake and individual items in the income statement and statement of financial position have all been affected by the first-time consolidation of the corporate acquisitions concluded in 2017. The companies consolidated for the first time contributed TEUR 18,882 to the earnings before taxes for the period and TEUR 319,109 to revenue.

In 2017 production output reached EUR 4,738m, thereby achieving a significant rise of EUR 813m or 20.7%.

The PORR Group's consolidated revenue climbed by EUR 875.8m in 2017 to EUR 4,292.9m. The increase in revenue was 25.6% sharper than the growth in production output, as there was a disproportionately weak rise in the output of consortiums.

The income from companies accounted for under the equity method include results from associates and joint ventures, as well as the income from interests in consortiums. While the contribution from consortiums held relatively steady in 2017 at EUR 35.3m (2016: EUR 33.5m), the earnings from associates and joint ventures rose to EUR 23.9m (2016: EUR 12.7m) as a result of positive earnings contributions from joint ventures on project markets.

The PORR Group's other operating income increased more quickly than revenue, climbing by 61.9% to EUR 170.9m. In comparison to 2016 this contained higher charges passed on to associates – especially for projects in Qatar – as well as damages received in the course of realising construction

contracts, as is common in the industry. The increase in releases of provisions contrasted with a similar increase in allocations of provisions for buildings, recognised under other operating expenses.

In terms of expenses, materials and other related production services represent the highest cost factor. 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. This expense item rose by 30.8%, representing a disproportionately high increase compared to revenue growth caused by the increase in costs on building construction projects realised by BU 2. Here there was a variation in the performance of individual components: while expenditure on purchased services grew in proportion to revenue by 26.6% year-on-year (from EUR 1,607.5 to EUR 2,034.7m), material expenses rocketed by 41.2% against the previous year to EUR 909.3m.

In contrast, in 2017 staff expense saw a slower increase than the growth in revenue, climbing by 18.5% to EUR 1,036.1m. This contrasted with a 15.6% rise in the average number of staff employed.

Compared to the previous year, other operating expenses saw an overall increase that was sharper than the rise in revenue. This highly varied item totalled EUR 346.6m, which climbed by 35.0% against the previous year and includes legal and consultancy services, office running costs, travel expenses, buildings and land, taxes and duties, commission on syndicated guaranteed loans, advertising costs, the allocation of provisions for losses, penalties, and warranty claims, whereby expenses for the aforementioned construction provisions were higher in the year under review than the prior period.

EBITDA improved by 7.1% or EUR 13.3m against the previous year to EUR 200.7m.

Depreciation, amortisation and impairment increased by 26.6% to EUR 110.5m as the result of higher investments and the acquisition of equity interests in 2017.

EBIT thereby stood at EUR 90.2m, which was EUR 9.9m lower than the previous year's value of EUR 100.1m.

The financial result improved by EUR 4.1m as a result of the significant rise in interest income to total EUR -4.9m.

In the period under review EBT reached EUR 83.5m (2016: EUR 91.1m). Taking into account the proportionate year-on-year decrease in tax expense of EUR 21.6m (2016: EUR 24.2m), the consolidated profit amounted to EUR 63.7m, which was slightly below the previous year's value of EUR 66.8m, with a decline of 4.7% or EUR 3.1m.

Financial Position and Cash Flows

At 31 December 2017 the PORR Group's total assets stood at EUR 2,884.8m and thereby rose by EUR 522.7m or 22.1% against the previous year as the result of the comprehensive corporate acquisitions and the increase in revenue.

Under non-current assets, intangible assets increased by EUR 77.3m because of the goodwill resulting from the acquisitions; property, plant and equipment rose due to investments in construction equipment and the access to technical plant and equipment of companies consolidated for the first time by EUR 90.1m to EUR 612.8m; investment property increased by EUR 26.8m to EUR 70.3m through the acquisition of the Hinteregger Group with its real estate assets and a property at Monte Laa; interests in companies accounted for under the equity method climbed by EUR 18.5m to EUR 61.8m; and other financial assets grew by EUR 16.9m to EUR 24.6m, whereby total non-current assets increased by EUR 801.3m to EUR 1,037.1m.

Current assets rose by a total of EUR 286.9m at 31 December 2017. The disproportionately high increase in trade receivables as compared to revenue is primarily accounted for by the significant growth in revenue as well as the acquisitions, as the revenue of companies included in the consolidated financial statements for the first time only have a pro rata effect on revenue from the effective date of the acquisition. The decrease in the high liquidity position from the previous year from EUR 476.4m to EUR 358.7m partially managed to compensate for the increase in receivables.

At 31 December 2017 the equity ratio was up by 2.0PP to 20.7% despite the sharp increase in total assets. Equity grew as the result of the annual earnings (EUR 67.6m) and a hybrid bond issued in 2017 worth EUR 123.8m, while the dividend payment of EUR 37.8m had a contrasting effect. Overall, equity rose by EUR 156.2m to EUR 597.0m.

Current bonds and Schuldscheindarlehen increased by EUR 67.7m because of the reclassification of tranches due in 2018. Trade payables grew by EUR 246.4m to EUR 1,032.0m, whereby a large percentage of the rise in trade payables was offset. Overall, current liabilities rose by EUR 342.2m to EUR 1,700.7m.

Non-current liabilities climbed due to assuming financial liabilities on short notice, although there was a decrease from the aforementioned reclassification of the tranches due for bonds and Schuldscheindarlehen, leading to an overall increase of EUR 24.4m to total EUR 587.1m.

At 31 December 2017 the net debt of the PORR Group (balance from bonds and financial liabilities less cash and cash equivalents and securities in current assets) stood at EUR 147.4m (2016: net cash position of EUR 53.3m).

While it was possible to increase operating cash flow to EUR 170.0m against the previous year (2016: EUR 155.8m), primarily because of the increase in EBITDA without an effect on cash, cash flow from operating activities decreased against 2016 by EUR 72.0m to EUR -15.9m. The reason for this was that the increase in trade receivables at the reporting date was only partially offset by the rise in trade payables.

Under cash flow from investing activities, the high payouts for corporate acquisitions and the investments in property, plant and equipment and financial assets led to a year-on-year increase in cash flow from investing activities of EUR -101.3m.

Cash flow from financing activities of EUR 107.2m shows the inflow from taking out loans and borrowings (EUR 196.6m) and issuing a hybrid bond (EUR 123.4m), as well as the outflow of funds for paying dividends (EUR -36.1m), payout to non-controlling interests (EUR -1.7m), and settling loans and borrowings (EUR -175.0m).

At 31 December 2017 cash and cash equivalents totalled EUR 358.7m (2016: EUR 476.4m).

Staff

In 2017 the PORR Group employed 17,719 people on average, which breaks down into 9,912 waged workers and 7,807 salaried employees. This represents a 15.6% increase against the comparable period of 2016. While the increase in Austria of 5.2% was comparatively low, the staffing level in the foreign subsidiaries grew sharply by 29.3%. This was partly caused by the expansion strategy and acquisitions in Germany. The increase in Austria also included the newly acquired employees of the Hinteregger Group. The increase in staff expenses to EUR 1,036.1m was below the rise in production output.

PORR is committed to ongoing HR development and employees have the opportunity to improve their performance and skills through a wide range of training and development measures. Diversity plays a major role and is an important part of the corporate culture. In 2017 the average training days per staff member stood at 1.57¹; the number of training sessions totalled 55,946.9¹. A total of 6,995 people¹ took part in the training.

¹ Database Austria and Germany

Corporate Social Responsibility

Sustainability is an integral component of the PORR corporate philosophy. The company is committed to upholding sustainability criteria at every stage of the value chain. This applies to several areas including the social sector – such as staff development, all aspects of accident prevention and preventative healthcare – as well as securing diversity and equal opportunities throughout the entire Group.

Environmental issues are addressed in the action field of preserving value and focus on energy efficiency in particular. Adherence to environmental regulations is also systematically recorded and the requisite improvements implemented.

The PORR Sustainable Value Report is published once every two years and the most recent publication covers the years 2014/2015. Detailed information is available at porr-group.com/csr. The report for the years 2016/2017 will be published in tandem with the Annual Report. From the reporting year 2018 onwards PORR will report on its sustainability activities in the form of yearly publications.

Research and Development

PORR is striving for technological leadership in many areas of construction technology. Developing innovative solutions is an intrinsic part of the design process as well as the actual construction process. In 2017 PORR employed a total of 45 people in the fields of research, development and innovation. Other sub-departments and operating units also support the innovation projects, whereby their organisation is handled by knowledge management. The key importance of the issue is also reflected in the investments in research and development – investment in 2016 was 20% higher than in the previous year; in 2017 R&D expenditure was at a similarly high level. The PORR department of Technology Management and Innovation (PTI) serves as a contact point offering comprehensive consulting and support for every innovation question.

PORR cooperates with competitors and major clients on a variety of research projects. Different university institutes are involved in industry and innovation projects and form the scientific basis in interdisciplinary consortiums. Current examples include a project to optimise the strengthening and reinforcement of bridges and another for reducing the resource consumption of construction machinery. A central issue of the work in innovation is the digitalisation of design and construction processes in the course of the Roadmap 2020. In future all PORR processes will be digitalised as far as possible and will thereby be paperless. 30 employees are currently working on the further development and application of Building Information Modeling (BIM). Step by step, various processes related to design and execution are being

integrated into this model – for example Architecture, Statics, Calculation and Monitoring Construction Site Progress.

PORR has launched several ideas contests in order to nurture the potential for innovation in the company. Here there has already been a sequel to the existing model of generating ideas – with a stronger focus on the issue of innovation. The ideas range from new or advanced construction methods and innovative materials through to ways of saving energy, and improvements in internal processes and procedures. The PORR knowledge factory in the PORRtal enables employees to provide additional input for developments and advances, thereby exploiting synergies in the Group.

Occupational Health and Safety

Safety is the top priority at PORR. The focus is on preventing accidents by ensuring safe work practices on construction sites. With “Vision Zero” the company is pursuing a clearly defined prevention strategy to reduce the frequency of accidents. Here the focal points have been condensed into seven success factors ranging from the responsibility of management and staff through to identifying hazards, using safer technology, and training the workforce. In 2017 PORR managed to reduce its accident statistics by around 30%. PORR’s medium term goal is to reduce its LTIFR (Lost Time Injury Frequency Rate) to less than 10 accidents per million working hours by 2020.

Forecast Report

PORR remained true to its strategy once again in 2017 and laid extensive crucial foundations for the future. The strategy of intelligent growth has developed into a PORR success factor in recent years and will continue to be implemented consistently. In addition to a commitment to the core competency of construction, PORR understands this to mean focusing on the markets that are classified as home markets. The majority of the production output is generated in Austria, Germany, Switzerland, Poland and the Czech Republic. This is complemented by large-scale, high-margin projects in the project markets, predominantly in the infrastructure sector.

In terms of the operating business, this strategy is reflected in the growth in production output, both organic as well as driven by the recent corporate acquisitions. Activities in Germany have been ideally expanded with the German specialist civil engineering firm Franki Grundbau, the special provider BBGS, and the permanent coverage of Heijmans Oevermann in the Greater Münster region. Through these acquisitions PORR has achieved its goal of developing the Central and North German infrastructure market with its own qualified staff.

In Austria the purchase of the Hinteregger Group represents an ideal complement to PORR. With its knowhow in the permanent civil engineering business and in special areas like tunnelling the Hinteregger Group is the ideal complement to the PORR business in Austria and for complex infrastructure projects. Additional larger-scale acquisitions are not currently in focus; however, potential opportunities to complement the Group's specialised knowhow or to strengthen certain regions will continue to be examined selectively.

In economic terms PORR is on a solid footing with an order backlog that comfortably exceeds a year's production output. EBT generated in 2017 of EUR 85.3m slipped back slightly against the previous year despite the increase in production output. The main factors behind this decrease – as already reported at the half-year mark – are weaker contributions to earnings in Germany and Qatar. Political turbulence in Qatar led to an increase in costs because of more complex logistics and procurement processes, whereby all projects were progressing as planned. In Germany the rapid expansion to achieve complete coverage in building construction and the subsequent measures, as well as higher subcontractor costs, led to an overall cost increase.

In organisational terms, the year 2017 was dedicated to integrating the new Group subsidiaries. In addition to this, PORR focused on optimally positioning itself for the future. PORR established a Digital Unit and implemented a dedicated digitalisation programme in order to master the challenges of digitalisation. The goal is to anchor forward-looking issues within the company. These measures will be a focal point throughout the whole of 2018 and furthermore play a decisive role in shaping the sustainable, profitable growth of the coming years.

The stable economic backdrop and the good order situation at the moment allow the Executive Board to forecast an increase in output for the current business year 2018. On the basis of the record order backlog for the year 2018, the PORR Executive Board's guidance is an increase in production output to around EUR 5 bn, representing growth of around 5.5%. This forecast is, however, subject to a significant fluctuation range typical to the industry in light of the highly dynamic nature of the construction market.

Risk Report

The qualified approach to risks and opportunities has long been one of the PORR Group's most important principles when carrying out any economic activity and secures its competitive ability. Risks should also be targeted as opportunities where possible. The aim of risk management is to

identify risks and then minimise them while still maintaining the company's earnings potential. The goal of risk management within the PORR Group lies in developing and implementing the required organisational processes which help to pinpoint risks early on as well as developing or implementing any appropriate measures to counter those risks. The following lists the most significant risks known to the PORR Group, which can have a lasting influence on the financial position, cash flows and financial performance of the Group.

Market risks

Market risks result from changes to economic environments and frameworks in the important PORR markets. Furthermore, disparities between national economies cause a variation in demand across the PORR Group's markets. PORR reacts to fluctuations in national markets and business segments and to the current budget restrictions in the public sector of many countries by concentrating on the home markets where margins are secure, namely Austria, Germany, Switzerland, Poland and the Czech Republic. On the project markets of Qatar, Great Britain, Slovakia, Romania and Norway and in future on the target markets of Sweden and Denmark, PORR only offers export products for selected projects in the fields of tunnelling, rail construction (Slab Track system) and specialised foundation engineering.

Project risks

These apply to all operating units of the PORR Group 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. 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 control measures are initiated, monitored by the risk managers as part of a regular process, and assessed with regard to results.

Staff risks

Successful management of risks related to human resources is crucial to the development of the PORR Group. 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 the PORR Group'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.

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 operational risks are hedged, 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 the PORR Group 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 years. 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 2017 the Group had a liquidity level of TEUR 358,707; 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 corporate acquisitions and settling loans due and capital market transactions. Should additional liquidity demand arise, this could provisionally be covered by drawing on existing lines of credit.

At 31 December 2017 the net debt position, defined as the balance from cash and cash equivalents, securities under current assets, bonds and current and non-current financial liabilities, amounted to TEUR 147,429 (net cash position 2016: TEUR 53,312).

Current financial liabilities, defined as the current portion of bonds and de facto current financial liabilities, amount to TEUR 125,401 (2016: TEUR 43,993) and are covered by cash and cash equivalents and non-current assets held for sale of TEUR 364,271 (2016: TEUR 480,454). Bonds and *Schuldenscheindarlehen* worth TEUR 233,639 were part of non-current financial liabilities of TEUR 380,735. At 31 December 2017 there was TEUR 233,000 (2016: TEUR 204,734), available in bank lines for cash loans, which could be drawn on for the immediate refinancing of current financial liabilities.

The Group has access to European credit lines totalling TEUR 2,683,520 (2016: TEUR 2,336,869). Of these credit lines, TEUR 976,080 (2016: TEUR 961,000) was concluded with a three-year term. The remainder of TEUR 1,707,441 (2016: TEUR 1,375,869) generally run for a one-year term. Furthermore, there were credit lines in several Arabic countries of TEUR 599,534 (2016: TEUR 583,647). As of 31 December 2017, around 60% (2016: 49%) of the European credit lines had been drawn on and around 11% (2016: 33%) of the lines in Arabic countries.

Interest rate risks

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 two interest rate swaps totalling TEUR 125,000 and three interest rate swaps with start dates in the future totalling TEUR 155,000. All derivative hedges are designated as cash-flow hedges. All interest rate swaps relate to swapping variable interest flows for fixed interest flows. As of 31 December 2017 the market value of the interest rate swaps had a fair value of TEUR -1,210.

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.

The PORR Group had concluded forward exchange contracts of TEUR 185,445 (2016: TEUR 59,337) at 31 December 2017; of these, TEUR 114,606 were forward purchases and TEUR 70,840 were forward sales. Around TEUR 83,774 (2016: TEUR 13,776) are used as hedges for project cash flows and the remainder of TEUR 101,671 (2016: TEUR 45,561) for hedging intragroup financing.

At 31 December 2017 the market valuation of open forward exchange contracts resulted in a fair value of TEUR 3,631. In the fiscal year 2017 total income of TEUR 4,072 which resulted from changes in the fair value of forward contracts was recognised in profit or loss.

Supplier risks

The strategic decision to position the PORR Group as a full service provider means that PORR offers a comprehensive service portfolio. Capacity restrictions mean that some work must also be carried out by subcontractors. The risks connect-

ed with this concern quality, delivery times and expenses and can lead to supply difficulties in times of increased demand. Partner management in the form of cooperation agreements with the supply industry and trade takes a long-term approach and contributes to minimising supply risks in subcontractor purchasing, whereby steel, cement, formwork and diesel are important commodities for the PORR Group. For these and other materials, there are lead buyers in place as product specialists, who are integrated in the tender process from the very beginning. Using an IT-supported purchasing platform allows the Group to monitor the amounts purchased and facilitates the purchase of larger volumes. The price risk of other key materials purchases can only be hedged through long-term price fixing in the form of frame agreements, owing to the lack of functioning derivative markets for these materials. The increasing challenges for the operational areas in recent years have been the price increases in the energy and commodities sectors. As long as it is not possible to transfer these costs to the customer, they may have a negative effect on the Group's financial performance. Building up stable, long-term relationships with suppliers and subcontractors is therefore seen as an urgent priority and enables the Group to minimise these risks by means of long-term frame agreements.

Credit risks

Specific to the industry, construction contracts require an advance payment 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 for infrastructure projects from government-related companies in Austria and Germany. 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 fundamental aim of the Group's capital management is to substantially increase equity and to keep debt low.

In the year under review PORR succeeded in increasing equity by around TEUR 156,166. It was thereby possible to increase the equity ratio by 2.0PP to 20.7% despite the growth in total assets. Non-current liabilities subject to interest of TEUR 380,735 remained at practically the same level as the previous year. Current financial liabilities increased by around TEUR 81,408 against the comparable period as the result of

the reclassification of the bond due in 2018 and a tranche of a *Schuldscheindarlehen*.

At 31 December 2017 the net debt position, defined as the balance of cash and cash equivalents, bonds and current and non-current financial liabilities, totalled TEUR 147,429 (net cash position 2016: TEUR 53,312).

The net gearing ratio, defined as net financial debt divided by equity, is applied for the control of capital management. The net gearing was negative in 2016 at -0.12, while at 31 December 2017 it stood at 0.24.

Internal control system

The PORR Group'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 Group audit department with internal auditing and the 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 the PORR Group. The internal control system in the PORR Group 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 the PORR Group 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 carry out an

independent assessment of the effectiveness of the ICS with the aim of improving business processes. The PORR Group has a closed Compliance Management System that conforms to the ISO norm 19600 and was certified by Austrian Standards on 15 November 2017.

The internal audit of the PORR Group was most recently externally certified on November 26th 2013 by Taxand Austria according to 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 on direct 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. The aim of the PORR Group is to continue developing the internal control system and to keep it constantly updated to conform to changing frame conditions and new Group guidelines. In addition, PORR had its Compliance Management System audited and certified by Austrian Standards in accordance with ISO 19600 and also holds an Anti-bribery certificate in line with ISO 37001.

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 representations in Hungary, Montenegro, Romania, Albania, Slovakia, Bulgaria, Serbia, Turkey, England, Norway (indirectly via PORR S.A.), the United Arab Emirates (Abu Dhabi and Dubai), Qatar and Saudi Arabia. Please see the list of shareholdings with regard to the subsidiaries.

Disclosure acc. to Section 243a, Paragraph 1, Austrian Commercial Code

1. The share capital as at 31 December 2017 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, ordinary shares confer voting rights exercised according to the number of shares and participate 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 at 31 December 2017 the company directly and indirectly 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 clearing or deposit 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-Ortner 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 a Board Member. Resolutions passed by the syndicate oblige the syndicate members to exercise their voting rights. There is a reciprocal acquisition right.

3. The following shareholders have a direct or indirect holding in the capital of at least ten percent in the form of ordinary shares as at 31 December 2017:

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

The Strauss Group is made up of SuP Beteiligungs GmbH and AIM Industrieholding und Unternehmensbeteiligungen GmbH, both of which are 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-Ortner 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. 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 statutes, 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 his seat on the Supervisory Board effective immediately if the Supervisory Board Member steps down before the end of his 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 he takes 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 he has been chosen to represent. In line with Section 9 Paragraph 2 of the statutes, the AGM can determine a shorter period in office than legally stipulated for individual Supervisory Board Members or all of the Members it appoints. Should certain Members leave the Board before the end of their term in office, in line with Section 9 Paragraph 6 of the 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 statutes, the appointment of a Member of the Supervisory Board can be rescinded before the end of his 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 Annual General Meeting 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 representatives is required for resolutions. From the legal viewpoint of the Executive Board, this 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 statutes, to a simple capital majority (except in the case of changes to the business purpose).

7. As at 31 December 2017, the Executive Board is authorised until 23 August 2018, in accordance with Section 4 Paragraph 5 of the statutes, to increase the share capital of the company with the approval of the Supervisory Board, in multiple

tranches if so wished, to EUR 6,612,500 by issuing up to 6,612,500 no-par value shares for cash or consideration in kind – in either case also in multiple tranches – (authorised capital), whereby the issue price, 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 pre-emptive rights of shareholders to these new shares issued from the authorised capital are excluded when and if this authorisation (authorised capital) is exercised by issuing new shares in exchange for cash or contribution in kind, up to a total of 10% of share capital, with over-allotment options in the course of issuing new shares in the company. Furthermore, the Executive Board is authorised, with the approval of the Supervisory Board, to exclude shareholders' pre-emptive rights, when and if this authorisation (authorised capital) is exercised:

- i) through issuing shares in exchange for contribution in kind, or
- ii) through issuing shares to staff members, leading employees and Members of the Executive Board of the Group or an associate up to a total level of 10% of share capital.

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

Effective as of 31 December 2017, a resolution was passed at the extraordinary general meeting of 24 May 2016 authorising the Executive Board to acquire treasury shares over a 30-month period from 24 May 2016, in line with Section 65 Paragraph 1 Line 8 and Paragraph 1 a and 1b Stock Corporation Act, up to the legally permitted amount of 10% of share capital including treasury shares already purchased. 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 the pro rata sales rights that can be attached to this type of purchase (reverse exclusion of pre-emptive rights). Furthermore, the Executive Board is authorised to determine the buyback conditions, whereby the Executive Board is obliged to publish the Executive Board resolution and the related buyback plan including its term, in line with legal stipulations. 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 extraordinary general meeting 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 on the stock exchange or public offering is excluded (exclusion of pre-emptive rights). On the basis of this authorisation, in 2016 the company issued 378,917 treasury shares, respectively around 1.3% of the share capital, as a scrip dividend in the course of the reinvestment by shareholders.

8. In 2013 the company issued a bond (debenture) of EUR 50,000,000 (for the period from 2013-2018). Furthermore, 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. Both the 2013 debentures and the 2014 senior bond incorporate the following agreement: if a change of control (as defined in the bond conditions) takes place, every bond creditor shall be entitled to accelerate maturity of their debentures and demand immediate repayment at the nominal value, including interest accrued up to the date of repayment. In 2017 an additional hybrid bond for EUR 125m was issued. 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 and partially extended until 2024 in 2016 and 2017. The Schuldscheindarlehen totalled EUR 200m as of 31 December 2017 following the increase. The Schuldschein-

darlehen 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 295,000,000 (valid until 3 January 2020), EUR 180,000,000 (valid until 29 June 2019) and EUR 180,000,000 (valid until 27 September 2019), 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 67,400,000 (with a term to 30 June 2023) and EUR 55,000,000 (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 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 and EPS Absberggasse 47 Projektmanagement GmbH, a wholly owned subsidiary, hold ordinary shares in PORR AG. This results in the following stakes held in treasury shares:

	No. of shares	Nominal value per share in EUR	Nominal value in EUR	% of share capital
PORR AG				
Interest held on 31.12.2016	193,947	1.00	193,947	0.667%
Interest held on 31.12.2017	193,947	1.00	193,947	0.667%
EPS Absberggasse 47 Projektmanagement GmbH				
Interest held on 31.12.2016	22,548	1.00	22,548	0.077%
Interest held on 31.12.2017	22,548	1.00	22,548	0.077%

Consolidated Segment Report

Business Unit 1 – Austria, Switzerland, Czech Republic

Key data

in EUR m	2017	Change	2016	2015
Production output	2,428	14.3%	2,125	1,907
Foreign share	24.2%	5.2PP	19.0%	15.6%
EBT	60.1	-13.5%	69.4	61.7
Order backlog at year-end	2,097	26.0%	1,664	1,565
Order intake	2,783	25.1%	2,224	2,250
Average staffing levels	7,930	3.9%	7,634	7,476

The activities on the permanent markets of Austria, Switzerland and the Czech Republic are included in the segment Business Unit 1 – A/CH/CZ (BU 1). The segment covers building construction and civil engineering, structural engineering, foundation engineering, the raw materials business on these markets and various shareholdings (incl. IAT, BOMA and ÖBA). The focus is on the fields of residential construction, office building, industrial construction, structural engineering, specialist civil engineering and road construction. This segment additionally covers large-scale building construction projects – also those on international markets, as well as the Industrial Construction Germany unit. In Austria BU 1 has complete coverage across every federal province and has become even stronger through the acquisition of Hinteregger. Switzerland and the Czech Republic offer potential growth for PORR.

2017 was once again a highly successful year for BU 1. At 31 December 2017 production output stood at EUR 2,428m, an increase of EUR 303m or 14.3%. With the exception of Styria, growth was achieved in every federal Austrian province and in Switzerland, whereby some increases were significant. Particularly strong growth was recorded in industrial construction in Germany and on large-scale building construction projects. Output in the Czech Republic slipped back slightly against the previous year. EBT amounted to EUR 60.1m and was thereby EUR 9.3m or 13.5% lower than the prior-year level. The decrease came from large-scale building construction projects in Romania, the Czech Republic and Germany.

Alongside the growth in performances, additional improvements were made in the order situation. At 31 December 2017 the order backlog totalled EUR 2,097m, a rise of EUR 433m or

26.0%. Here the growth was also evenly spread, although units driven by large-scale projects such as Industrial Construction Germany reported the usual fluctuations. There was a similar picture with the order intake. This stood at EUR 2,783m and was thereby up by EUR 559m or 25.1% on the previous year.

The largest new orders in 2017 were the large-scale industrial project BMW Freimann in Munich, the Baloise Park project for the client Basler Versicherungen in Basel, the Czech motorway project D11 Smirice-Jaromer, the Mur power plant near Graz and the building construction project Gleisribüne at Zurich central station. Projects including the Leopold Böhm-Strasse 4-6 residential complex in Vienna were acquired in the core competency of residential construction.

Following the growth in 2017, BU 1 also has grounds for optimism for the current year. These are based on the good order situation thanks to the full order books as well as the excellent reputation PORR enjoys among both public and private clients on the three home markets of Austria, Switzerland and the Czech Republic. In building construction PORR has built up good relationships primarily with private customers over many years; in addition to the trustworthiness and proximity to customers, these clients appreciate the adherence to deadlines above all. PORR has gained a very good market position through its complete coverage and has roots in every Austrian district. The Czech Republic and especially Switzerland will also offer lucrative opportunities in the future. In risk management BU 1 will continue its successful course with the main focus on avoiding flops. Added to this is attention to possible payment defaults or the bankruptcy of clients, consortium partners or subcontractors.

Business Unit 2 – Germany

Key data

in EUR m	2017	Change	2016	2015
Production output	741	62.6%	456	374
EBT	-9.8	>100.0%	3.7	2.4
Order backlog at year-end	1,499	>100.0%	739	690
Order intake	1,579	>100.0%	505	448
Average staffing levels	2,008	91.2%	1,050	933

The segment Business Unit 2 – Germany (BU 2) encompasses all of PORR's activities on the home market of Germany, from building construction and civil engineering to foundation and structural engineering and does justice to the importance of PORR's second largest market. With the takeover of Franki Grundbau, the specialist provider BBGS and Heijmans Oevermann, PORR has fulfilled an important objective in Germany in 2017: developing the Central and North German infrastructure market with its own qualified staff. It is thereby now possible to meet the needs of the permanent business as well as those of large-scale projects with the Group's own manpower.

In organisational terms, the year 2017 was dominated by the acquisition of the new companies. In addition the infrastructure needed for doing business successfully was put in place in order to do justice to the strong growth of recent years. This sharp growth was reflected in the change in production output. At 31 December 2017 output stood at EUR 741m, a rise of EUR 285m or 62.6%. The rapid expansion to achieve complete coverage in building construction as well as higher subcontractor costs led to negative EBT, which totalled EUR -9.8m, a decline of EUR -13.5m. Individual low-margin projects were acquired in building construction as a result of growth and these had a negative impact on earnings, while all other sectors of BU 2 made a positive contribution to earnings. The focus in 2018 will be on the implementation of existing projects. The success-

ful integration of the companies acquired will moreover strengthen future business activities.

The growth of BU 2 is also reflected in a significant increase in the cushion of orders. The order backlog rose to EUR 1,499m, climbing by EUR 760m or 103.0%. The growth in the order intake was even sharper: this totalled EUR 1,579m, an increase of EUR 1,074m or 212.9%. The largest new tenders included the Rhine Bridge on the A1 in Leverkusen in Germany, the U5 Europaviertel consortium in Frankfurt, the S-Bahn tunnel Erdinger Ringschluss in Munich and two building construction projects consisting of the residential complex Frankfurter Allee 135 in Berlin and the Qubes office building in Munich.

PORR has defined Germany as its most important foreign market and in recent quarters it had laid the foundations for successful business activities. The reasons for the expansion were based on utilising competitive advantages and the withdrawal of competitors. The market itself is highly attractive thanks to the strong credit standing of its clients, even though a successful construction company does face challenges that vary from region to region. PORR concentrates on the areas in which it has a clear competitive advantage. In Germany the company already has a strong presence in complex infrastructure and civil engineering projects. The focus in the building construction sector is on medium-volume activities, particularly those in industrial construction.

Business Unit 3 – International

Key data

in EUR m

	2017	Change	2016	2015
Production output	1,308	20.8%	1,082	1,077
Foreign share	88.8%	1.6PP	87.2%	87.2%
EBT	26.8	57.1%	17.1	20.0
Order backlog at year-end	2,561	15.0%	2,227	2,197
Order intake	1,641	47.5%	1,112	1,131
Average staffing levels	5,149	24.2%	4,146	3,352

The segment Business Unit 3 – International (BU 3) is home to the project-based business activities in the home market of Poland, Norway and Scandinavia, Qatar and Dubai, Slovakia, Romania, Bulgaria, Great Britain and other future target countries. This business unit also includes the competencies in tunnelling, railway construction and bridge construction. In Poland and Romania BU 3 is also responsible for building construction and civil engineering, while PORR is additionally active in foundation engineering in Poland.

PORR is one of Europe's leading companies in many areas such as underground construction, conventional tunnelling with shotcrete right through to high-tech mechanical boring. In railway construction PORR holds the patent for the Slab Track system. More and more clients rely on this system and it has led to numerous acquisitions in Austria, Germany and Qatar in recent years.

At 31 December 2017 the production output of BU 3 totalled EUR 1,308m, an increase of EUR 226m or 20.8%. With the exception of railway construction and Romania, this growth was spread across all units, whereby the rise in Poland was particularly pronounced. Output also increased significantly in Qatar – despite the political turbulence as reported regularly last year and the consequent increase in the complexity of logistics and procurement processes. All of the PORR projects in Qatar are progressing as planned. An increase in EBT was also achieved and it stood at EUR 26.8m, a rise of EUR 9.7m or 57.1%.

Despite the sharp growth in production output, BU 3 also significantly improved its order situation. The order backlog reached EUR 2,561m, a rise of EUR 334m or 15.0%. Even

sharper growth was seen in the order intake, which was up by EUR 529m or 47.5% against the previous year, totalling EUR 1,641m. The cushion of orders means that the capacities of BU 3 are very well utilised for the coming years, thereby allowing acquisitions to be undertaken with a strict view to the margins.

The largest new order for BU 3 in the business year 2017 was the Stormwater Tunnel in Dubai, PORR's first project in the United Arab Emirates. Other acquisitions in 2017 included the railway line LK 354 Poznań–Piła, the U5 Europaviertel consortium in Frankfurt, the Musameer Pumping Station in Qatar, the S7 motorway Mława–Strzegowo in Poland and the railway line E30 Kędzierzyn–Opole also in Poland. In Norway the tenders for the two projects Varodd Bridge and the section of the E 18 Rugtvedt-Dordal were acquired.

The order backlog of BU 3 is at a very high level and is approaching two full years of production output. The segment thereby has a certain degree of independence from the sometimes fierce competition in certain sectors and is able to concentrate on clearly defined target projects in which PORR sees clear value added. Thanks to this position of strength, BU 3 will focus on its core competencies and continue to build on them. These core competencies include national and international tunnelling, railway construction in selected markets, and the home market of Poland with its centre of excellence for large-scale projects. A further expansion of business activities is planned in the coming years in civil engineering in Poland and Norway in particular. The infrastructure market in Great Britain may also remain an attractive prospect in the coming years.

Business Unit 4 – Environmental Engineering, Healthcare & Services

Key data

in EUR m	2017	Change	2016	2015
Production output	225	3.0%	219	153
Foreign share	17.2%	-0.7PP	17.9%	20.2%
EBT	6.3	>100.0%	0.7	-4.2
Order backlog at year-end	124	6.7%	117	81
Order intake	233	-8.3%	254	162
Average staffing levels	1,431	0.5%	1,424	1,201

Business Unit 4 – Environmental Engineering, Healthcare & Services (BU 4) complements PORR’s construction portfolio with its competency in niche areas, thereby extending the value chain across the entire life cycle of a structure. In addition to PORR Umwelttechnik GmbH, BU 4 is home to the equity interests Prajo, TKDZ and PWW, hospitals, PORREAL and STRAUSS PROPERTY MANAGEMENT, Thorn and ALU-SOMMER, as well as activities related to PPP.

The last business year once again proved successful for BU 4. The production output of BU 4 totalled EUR 225m at 31 December 2017, a slight increase of EUR 6m or 3.0%. This growth was primarily generated by the increased output of the facade specialist ALU-SOMMER, while the output of PORR Umwelttechnik and PORREAL was slightly below that of the previous year. While there was only a slight increase in output overall, the business year 2017 was very pleasing for BU 4 in terms of earnings. EBT amounted to EUR 6.3m, increasing by EUR 5.6m.

Alongside the significant growth in production output and earnings, BU 4 also managed to slightly expand its cushion

of orders. The order backlog reached EUR 124m, a rise of EUR 7m or 6.7%. The order intake slipped back to EUR 233m, a decrease of EUR 21m or 8.3%. This decline was mainly caused by the performance of ALU-SOMMER, which is working off the order intake through the high growth in production output.

The value of BU 4 for PORR lies in expanding the value chain beyond the classic construction business. BU 4 is defined as the Group-wide specialist in niches such as environmental engineering, project development or add-on services such as facades or sewage technology; it also strengthens PORR beyond its core competencies. Furthermore, the majority of these niches offer margins higher than those in the classic construction industry. The combination of skills, expertise and experience allows BU 4 an optimistic outlook for 2018. In addition to municipal orders, the main focus of risk management is on the recoverability of receivables, especially those beyond the home markets of Austria and Germany. These efforts have proven successful, particularly in Serbia last year.

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Consolidated Income Statement

in TEUR	Notes	2017	2016
Revenue	(7)	4,292,886	3,417,100
Own work capitalised in non-current assets		4,363	727
Share of profit/loss of companies accounted for under the equity method	(20)	59,220	46,252
Other operating income	(8)	170,918	105,548
Cost of materials and other related production services	(9)	-2,944,027	-2,251,409
Staff expense	(10)	-1,036,068	-874,068
Other operating expenses	(12)	-346,612	-256,812
EBITDA		200,680	187,338
Depreciation, amortisation and impairment expense	(11)	-110,461	-87,283
EBIT		90,219	100,055
Income from financial investments and other current financial assets	(13)	15,985	15,320
Finance costs	(14)	-20,880	-24,307
EBT		85,324	91,068
Income tax expense	(15)	-21,633	-24,242
Profit/loss for the period		63,691	66,826
of which attributable to shareholders of the parent		60,492	63,880
of which attributable to holders of profit-participation rights		2,664	2,664
of which attributable to non-controlling interests		535	282
Basic (diluted) earnings per share, total (in EUR)	(16)	2.09	2.23

Statement of Comprehensive Income

in TEUR	Notes	2017	2016
Profit for the period		63,691	66,826
Other comprehensive income			
Gains/losses from revaluation of property, plant and equipment	(18)	-446	492
Remeasurement from benefit obligations	(34)	4,632	-6,987
Income tax expense (income) on other comprehensive income		-1,165	1,603
Other comprehensive income which cannot be reclassified to profit or loss (non-recyclable)		3,021	-4,892
Exchange differences		-1,145	-832
Gains/losses from fair value measurement of securities		2,679	497
Gains/losses from cash flow hedges			
in the year under review		34	-169
reclassified into profit or loss		-	371
Income tax expense (income) on other comprehensive income		-678	-175
Other comprehensive income which can subsequently be reclassified to profit or loss (recyclable)		890	-308
Other comprehensive income		3,911	-5,200
Total comprehensive income		67,602	61,626
of which: attributable to non-controlling interests		366	276
Share attributable to shareholders of the parent and holders of profit-participation rights		67,236	61,350
of which: attributable to holders of profit-participation rights		2,664	2,664
Share attributable to shareholders of the parent		64,572	58,686

Consolidated Cash Flow Statement

in TEUR	Notes (42)	2017	2016
Profit for the period		63,691	66,826
Depreciation, impairment and reversals of impairment on fixed assets and financial assets		113,945	88,485
Interest income/expense		5,630	11,718
Income from companies accounted for under the equity method		-23,789	-12,735
Dividends from companies accounted for under the equity method		9,624	6,483
Losses/profits from the disposal of fixed assets		-10,608	-15,485
Decrease in long-term provisions		-485	-2,951
Deferred income tax		11,954	13,447
Operating cash flow		169,962	155,788
Decrease/increase in short-term provisions		-16,859	-2,444
Decrease/increase in tax provisions		-805	5,056
Decrease/increase in inventories		5,269	-206
Increase in receivables		-309,258	-138,542
Increase in payables (excluding banks)		144,246	41,987
Interest received		11,867	12,119
Interest paid		-15,838	-20,810
Other non-cash transactions		-4,481	3,155
Cash flow from operating activities		-15,897	56,103
Proceeds from the disposal of intangible assets		48	76
Proceeds from sale of property, plant and equipment and disposal of investment property		44,704	29,541
Proceeds from financial investments		-	49,832
Proceeds from the sale of financial assets		21	2,500
Proceeds from repayment of loans		3,080	155
Investments in intangible assets		-1,590	-5,833
Investments in property, plant and equipment and investment property		-162,517	-100,775
Investments in financial assets		-4,450	-15,482
Investments in loans		-709	-22,251
Payouts for financial investments		-45,000	-24,832
Proceeds from financial investments		45,000	-
Proceeds from the sale of consolidated companies		-	181
Payouts for the purchase of subsidiaries less cash and cash equivalents		-88,480	-21,753
Cash flow from investing activities		-209,893	-108,641
Dividends		-36,118	-47,637
Payouts to non-controlling interests		-1,681	-354
Proceeds from scrip dividend		-	10,230
Proceeds from Schuldscheindarlehen		57,973	41,065
Repayment of Schuldscheindarlehen		-58,000	-27,000
Repayment of loans		-	-50,767
Obtaining loans and other financing		196,641	15,630
Redeeming loans and other financing		-174,975	-57,173
Hybrid capital		123,412	-
Acquisition of non-controlling interests		-4	-
Cash flow from financing activities		107,248	-116,006
Cash flow from operating activities		-15,897	56,103
Cash flow from investing activities		-209,893	-108,641
Cash flow from financing activities		107,248	-116,006
Change to cash and cash equivalents		-118,542	-168,544
Cash and cash equivalents at 1 Jan		476,430	647,243
Currency differences		819	-2,269
Cash and cash equivalents at 31 Dec		358,707	476,430
Tax paid		10,485	4,958

Consolidated Statement of Financial Position

in TEUR	Notes	31.12.2017	31.12.2016
Assets			
Non-current assets			
Intangible assets	(17)	139,916	62,597
Property, plant and equipment	(18)	612,760	522,709
Investment property	(19)	70,259	43,453
Shareholdings in companies accounted for under the equity method	(20)	61,818	43,286
Loans	(21)	23,792	23,157
Other financial assets	(22)	94,557	89,912
Other non-current financial assets	(25)	24,555	7,638
Deferred tax assets	(29)	9,487	8,528
		1,037,144	801,280
Current assets			
Inventories	(23)	74,739	73,274
Trade receivables	(24)	1,301,576	930,029
Other financial assets	(25)	97,924	70,999
Other receivables and current assets	(26)	9,136	6,019
Cash and cash equivalents	(27)	358,707	476,430
Assets held for sale	(28)	5,564	4,024
		1,847,646	1,560,775
Total assets		2,884,790	2,362,055
Equity and liabilities			
Equity			
Share capital	(30)	29,095	29,095
Capital reserves	(31)	251,287	251,287
Hybrid capital	(31)	155,318	25,303
Other reserves	(31)	115,466	89,335
Equity attributable to shareholders of parent		551,166	395,020
Equity from profit-participation rights	(32)	42,624	42,624
Non-controlling interests	(33)	3,248	3,228
		597,038	440,872
Non-current liabilities			
Bonds and Schuldscheindarlehen	(35)	233,639	300,662
Provisions	(34)	146,410	134,455
Non-current financial liabilities	(36)	147,096	78,463
Other non-current financial liabilities	(38)	4,433	3,176
Deferred tax liabilities	(29)	55,486	45,947
		587,064	562,703
Current liabilities			
Bonds	(35)	67,663	-
Provisions	(34)	130,339	120,058
Current financial liabilities	(36)	57,738	43,993
Trade payables	(37)	1,032,040	785,630
Other current financial liabilities	(38)	21,372	19,232
Other current liabilities	(39)	367,572	368,933
Tax payables		23,964	20,634
		1,700,688	1,358,480
Total equity and liabilities		2,884,790	2,362,055

Statement of Changes in Group Equity

in TEUR	Notes (30-33)	Share capital	Capital reserves	Revaluation reserve	Remeasurement from defined benefit obligations	Foreign currency translation reserves
Balance at 1 Jan 2016		29,095	249,014	13,417	-25,540	3,190
Total profit/loss for the period		-	-	-	-	-
Other comprehensive income		-	-	-650	-5,227	-1,034
Total comprehensive income		-	-	-650	-5,227	-1,034
Dividend payout		-	-	-	-	-
Proceeds from dividend-in-kind treasury shares		-	2,273	-	-	-
Income tax on interest for holders of hybrid/mezzanine capital		-	-	-	-	-
Changes to the consolidated group/ acquisition of non-controlling interests		-	-	-	-	-
Balance at 31 Dec 2016		29,095	251,287	12,767	-30,767	2,156
Total profit/loss for the period		-	-	-	-	-
Other comprehensive income		-	-	-5,044	3,481	-916
Total comprehensive income		-	-	-5,044	3,481	-916
Dividend payout		-	-	-	-	-
Hybrid capital		-	-	-	-	-
Income tax on interest for holders of hybrid/mezzanine capital		-	-	-	-	-
Changes to the consolidated group/ acquisition of non-controlling interests		-	-	-	-	-
Balance at 31 Dec 2017		29,095	251,287	7,723	-27,286	1,240

Total debt securities available for sale – fair value reserve	Reserve for cash flow hedges	Hybrid capital	Retained earnings and non-retained profit	Equity attributable to equity holders of the parent	Profit-participation rights	Non-controlling interests	Total
-645	-806	25,303	76,080	369,108	43,160	-150	412,118
-	-	1,688	62,192	63,880	2,664	282	66,826
373	151	-	1,193	-5,194	-	-6	-5,200
373	151	1,688	63,385	58,686	2,664	276	61,626
-	-	-1,688	-42,749	-44,437	-3,200	-354	-47,991
-	-	-	7,957	10,230	-	-	10,230
-	-	-	1,088	1,088	-	-	1,088
-	-	-	345	345	-	3,456	3,801
-272	-655	25,303	106,106	395,020	42,624	3,228	440,872
-	-	7,894	52,598	60,492	2,664	535	63,691
2,009	26	-	4,524	4,080	-	-169	3,911
2,009	26	7,894	57,122	64,572	2,664	366	67,602
-	-	-1,688	-31,766	-33,454	-2,664	-1,681	-37,799
-	-	123,809	-	123,809	-	-	123,809
-	-	-	1,013	1,013	-	-	1,013
-	-	-	206	206	-	1,335	1,541
1,737	-629	155,318	132,681	551,166	42,624	3,248	597,038

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. Results preceded by the abbreviation TEUR are in euro thousand.

The consolidated financial statements were prepared with the closing date of 31 December and relate to the fiscal year from 1 January to 31 December. The majority of numerical entries are rounded up or down to the nearest 1,000 (TEUR) and may result in rounding differences.

2. Consolidated group

In addition to PORR AG, 72 (previous year: 64) domestic subsidiaries and 69 (previous year: 57) 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. 10 (previous year: 7) companies are no longer included in the consolidated group, whereby seven companies were eliminated through intragroup mergers.

Two companies were liquidated and one company was sold. The purchase price of EUR 1 was settled in cash.

The assets and liabilities where control was lost break down as follows:

in TEUR	2017
Non-current assets	
Property, plant and equipment	12
Deferred tax assets	96
Current assets	
Inventories	16
Trade receivables	120
Other current financial assets	20
Other current receivables and assets	24
Cash and cash equivalents	193
Current liabilities	
Trade payables	-44
Other current financial liabilities	-132
Other current liabilities	-66

Gains on sale amounting to TEUR -239 were recognised in income/expenses from financial assets.

2.1. First-time consolidations

In these consolidated financial statements the following 30 companies were consolidated for the first time:

Because of new foundations and first-time consolidation	Date of initial consolidation
CambER 22 GmbH	19.9.2017
PORR Risk Solutions GmbH	19.9.2017
OBATECH s.r.o	11.10.2017

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

Because of acquisitions	Date of initial consolidation
Franki Group	
Porr Franki GmbH & Co. KG	17.1.2017
Franki Grundbau Verwaltungs GmbH	17.1.2017
Franki Grundbau GmbH & Co. KG	17.1.2017
VIT Verbau- und Injektionstechnik GmbH	17.1.2017
ISG Ingenieurservice Grundbau GmbH	17.1.2017
HUT Umwelttechnik GmbH	17.1.2017
Unterstützungskasse Franki Grundbau GmbH	17.1.2017
Sabimo Monte Laa Bauplatz 2 GmbH	24.3.2017
Oevermann Group	
PORR Oevermann GmbH	21.4.2017
Oevermann Verkehrswegebau GmbH	21.4.2017
Oevermann Hochbau GmbH	21.4.2017
Oevermann Ingenieurbau GmbH	21.4.2017
CMG Gesellschaft für Baulogistik GmbH	21.4.2017
BB Government Group	
Baikap Holding 180812 GmbH	16.5.2017
BB Government Services GmbH	16.5.2017
BB GOVERNMENT SERVICES SLR	16.5.2017
ISHAP Personaldokumentations GmbH	7.6.2017
Hinteregger Group	
PORR Hinteregger-Holding GmbH (formerly Erika Brandstetter Hinteregger-Holding GmbH)	7.9.2017
Hinteregger Holding Gesellschaft m.b.H.	7.9.2017
Perschler Gesellschaft m.b.H.	7.9.2017
FEHBERGER Stahlbau GmbH	7.9.2017
Fritz & Co. Baugesellschaft m.b.H.	7.9.2017
G. Hinteregger & Söhne Baugesellschaft m.b.H.	7.9.2017
GHS Logistik GmbH	7.9.2017
A. Niedermühlbichler Baugesellschaft m.b.H.	7.9.2017
Hinteregger, Brandstetter & Co. Baugesellschaft m.b.H.	7.9.2017
Salzburger Lieferasphalt GmbH & Co OG	7.9.2017

The purchase of Sabimo Monte Laa Bauplatz 2 GmbH involves the purchase of a property for TEUR 15,636 and its financing of TEUR 15,653, which does not represent a business combination under IFRS 3. This represents a transaction with related parties.

A total of TEUR 7,400 was used to purchase a 100% stake in Porr Franki GmbH & Co. KG and its subsidiaries (Franki Group). The purchase price was settled in cash. The Group is a leading specialist in excavation pits and pile foundations. The purchase price was provisionally allocated to the Group's liabilities and assets as follows:

in TEUR	2017
Non-current assets	
Intangible assets	71
Property, plant and equipment	16,800
Interests in associated companies	846
Loans	700
Deferred tax assets	1,780
Current assets	
Inventories	2,724
Trade receivables	17,495
Other current financial assets	1,608
Other receivables and assets	260
Cash and cash equivalents	1,356
Non-current liabilities	
Provisions	-10,900
Deferred tax liabilities	-1,024
Current liabilities	
Provisions	-145
Trade payables	-11,647
Other current financial liabilities	-10,691
Other current liabilities	-1,581
Tax payables	-252
Purchase price	7,400

TEUR 60,100 was used to purchase a 100% stake in PORR Oevermann GmbH and its subsidiaries (Oevermann Group). The purchase price was settled in cash. The Group is a leading specialist for the complete realisation of traffic infrastructure such as motorways, federal and county roads, airfields and logistics facilities. The purchase price was provisionally allocated to the Group's liabilities and assets as follows:

in TEUR	2017
Non-current assets	
Intangible assets	44,334
Property, plant and equipment	2,867
Interests in associated companies	592
Loans	2
Other financial assets	186
Deferred tax assets	4,303
Current assets	
Inventories	1,902
Trade receivables	43,034
Other current financial assets	3,424
Other receivables and assets	622
Cash and cash equivalents	14,223
Non-current liabilities	
Provisions	-1,054
Current liabilities	
Provisions	-27,013
Trade payables	-18,590
Other current financial liabilities	-179
Other current liabilities	-4,811
Tax payables	-3,742
Purchase price	60,100

TEUR 13,000 was used to purchase a 100% stake in baikap Holding 180812 GmbH and its subsidiaries (BB Government Group). The corporate group operates in the field of planning, developing, managing and executing construction services in building construction and industrial construction, in particular for governmental departments of the United States of America and European countries. The purchase price was settled in cash and was provisionally allocated to the Group's liabilities and assets in accordance with IFRS 3.45 as follows:

in TEUR	2017
Non-current assets	
Intangible assets	13,176
Property, plant and equipment	64
Loans	116
Deferred tax assets	88
Current assets	
Trade receivables	3,686
Other current financial assets	459
Other receivables and assets	508
Cash and cash equivalents	7,359
Non-current liabilities	
Provisions	-65
Current liabilities	
Provisions	-760
Trade payables	-9,504
Other current financial liabilities	-344
Other current liabilities	-945
Tax payables	-838
Purchase price	13,000

A total of TEUR 2,500 was used to purchase an 80% stake in ISHAP Personaldokumentations GmbH. Furthermore, there is an earn-out clause that is dependent on adhering to the budget over the next five years. In the course of determining the purchase price, this was valued at TEUR 2,500, as the Group assumes that the budget will be adhered to. The earn-out has a maximum cap of TEUR 2,500, a floor of TEUR 0 and is due on 31 January 2022. TEUR 2,500 of the purchase price was settled in cash. The company is a software provider in the field of construction industry documentation. The purchase price was provisionally allocated to the Group's liabilities and assets as follows:

in TEUR	2017
Non-current assets	
Intangible assets	7,481
Property, plant and equipment	110
Interests in associated companies	220
Other financial assets	15
Current assets	
Trade receivables	255
Other current financial assets	15
Cash and cash equivalents	237
Non-current liabilities	
Deferred tax payables	-1,850
Current liabilities	
Financial liabilities	-67
Trade payables	-22
Other current financial liabilities	-23
Other current liabilities	-73
Tax payables	-48
Non-controlling interests	-1,250
Purchase price	5,000

A total of TEUR 32,645 was used for the purchase of 100% in PORR Hinteregger-Holding Gesellschaft m.b.H. and 50% in Hinteregger-Holding Gesellschaft m.b.H. (the other 50% is included in the purchase of PORR Hinteregger-Holding Gesellschaft m.b.H.) along with its subsidiaries (Hinteregger Group). The purchase price was settled in cash. Additionally there are two earn-out clauses contained in each of the two purchase agreements. Earn-Out I specifies that, following the completion of a Turkish construction project, if there is a positive balance from cash inflows and outflows since 31 December 2016, then the purchase price will increase by 40% each, with a total cap of TEUR 8,000, and if the balance is negative the purchase price will be reduced by 50% each, capped at a total of TEUR 5,000. Earn-Out II is tied to the final pro rata earnings of three Austrian consortiums. If a contractually fixed baseline value is surpassed, 40% of the excess stake shall increase the purchase price. Both of the earn-out clauses per purchase agreement were valued at TEUR 0 in the course of determining the purchase price. The corporate group is active in building construction and civil engineering, the focal points are mainly industrial civil engineering, power plant construction and underground construction. The purchase price was provisionally allocated to the Group's liabilities and assets in accordance with IFRS 3.45 as follows:

in TEUR	2017
Non-current assets	
Intangible assets	21,710
Property, plant and equipment	27,404
Investment property	11,429
Interests in associated companies	751
Other financial assets	1,756
Deferred tax assets	2,020
Current assets	
Inventories	2,124
Trade receivables	39,115
Other current financial assets	5,346
Other receivables and assets	2,432
Cash and cash equivalents	5,772
Non-current liabilities	
Provisions	-4,522
Non-current financial liabilities	-3,872
Deferred tax payables	-52
Current liabilities	
Provisions	-604
Financial liabilities	-25,571
Trade payables	-26,017
Other current financial liabilities	-12,763
Other current liabilities	-12,470
Tax payables	-541
Fair value of the equity interest already held	-649
Non-controlling interests	-153
Purchase price	32,645

The acquisitions of the Oevermann Group, BB Government Group and the Hinteregger Group led to the recognition of goodwill, as the purchase prices include the benefits from synergic effects. The purchase price allocations of the BB Government Group and the Hinteregger Group are to be considered as provisional, especially with regard to receivables from construction contracts and provisions.

The initial consolidation of the companies contributed TEUR 18,882 to earnings before taxes for the period and TEUR 319,109 to revenue. Assuming a notional date of first-time consolidation of 1 January 2017, Group revenue would increase by TEUR 490,229 and earnings before taxes by TEUR 10,211. The fair value measurement of the equity interests already held led to earnings of TEUR 634 and is recognised in earnings from companies accounted for under the equity method.

Regarding the acquisition of Altlastensanierung und Abraumdeponie Langes Feld Gesellschaft m.b.H. concluded in the 2016 business year, the purchase price allocation was finalised in the current business year, whereby an additional provision and

mining rights totalling TEUR 1,591 were identified. TEUR 1,590 was settled in the current business year for the acquisition of bpp Bautechnik GmbH concluded in the 2016 business year.

Furthermore, 45 (previous year: 43) domestic and 27 (previous year: 23) foreign associates and joint ventures were valued using the equity method. The consolidated subsidiaries and companies accounted for under the equity method are shown in the list of shareholdings (see appendix). Companies which are of minor significance for the consolidated financial statements are not included. 10 (previous year: 13) subsidiaries and 28 (previous year: 27) 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

Amendments to standards and interpretations

Amendment to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

The amendment to IAS 12 aims in particular to clarify how to account for deferred tax assets for unrealised losses from assets measured at fair value in order to address diversity in practice. The amendment applies to reporting periods beginning on or after 1 January 2017.

Amendments to IAS 7: Disclosure Initiative

The amendments come with the objective that an entity shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. In particular, the presentation of cash flows from financing activities is to be complemented by a reconciliation to be disclosed separately from the statement of cash flows (see note 42). The amendments apply to reporting periods beginning on or after 1 January 2017.

Annual Improvements to IFRSs 2014–2016 Cycle: Clarification to IFRS 12

IFRS 12 Disclosure of Interests in Other Entities: Clarified the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The amendment applies to reporting periods beginning on or after 1 January 2017.

The first-time application of the amendments to the standards did not have any impact on the consolidated financial statements other than disclosures in the notes.

3.2. New accounting standards which have not yet been applied

The following standards and interpretations had already been published at the time that these consolidated financial statements were being prepared; they were not mandatory in reporting periods beginning on or after 1 January 2017 and the option to apply them early was not applied.

Standards and interpretations already adopted by the European Union

New standards

IFRS 9 – Financial Instruments

The standard includes requirements for the recognition, measurement and derecognition of financial instruments as well as for hedge accounting and replaces the previously applicable standard IAS 39. In particular, the rules for classifying and measuring financial assets have been rewritten and they are now dependent on the business model and contractual cash flows. Depending on the type of financial asset and the two criteria mentioned, the subsequent measurement is at amortised cost, in the income statement or through profit or loss at fair value. The most significant change in IFRS 9 lies in the new requirements for recognising impairment of financial assets, which are now based on the premise of providing for expected losses (expected loss model). IFRS 9 applies to reporting periods beginning on or after 1 January 2018.

The current financial assets in the Group primarily comprise trade receivables, loans, cash and cash equivalents, and debt securities. As of 31 December 2017, the new classification of financial instruments has led to a reclassification of TEUR 147 between the income statement and the statement of comprehensive income OCI. The remeasurement of financial investments in equity instruments (IFRS 9.B5.2.3), which were previously measured at cost in accordance with IAS 39.46(c), has not led to a significant increase in the carrying amount, as they related to insignificant, non-operational general partners. Applying the new regulations on impairment will not lead to an increase in the Group's value adjustments, as the analysis of historic data did not give rise to any significant impairment in the reporting period reviewed. The impairment allowances shown in note 24 for trade receivables were formed as a result of reductions in services rendered and not because of any deterioration of creditworthiness. The simplified model pursuant to IFRS 9.5.5.15 is primarily used for impairment. This means that at the time of inclusion a risk provision is formed in the amount of the lifetime expected loss of the financial instrument. Loans to associates or joint ventures shall be measured in line with the 12-month expected loss model in future and transferred to the lifetime expected loss model should there be a significant worsening of the credit risk. In exercising its irrevocable right to choose in accordance with IFRS 9.7.2.21, the Group will apply IFRS 9 for the purpose of hedge accounting.

IFRS 15 – Revenue from Contracts with Customers

The objective of IFRS 15 is to bring together a range of requirements that were previously contained in different standards and interpretations. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework. The model specifies that revenue is recognised as control is passed (control approach), either over time or at a point in time and thereby replaces the previously applied risk and reward model. Furthermore, the scope of the requisite disclosures in the notes has been expanded.

IFRS 15 applies to reporting periods beginning on or after 1 January 2018 and has had the following impact on the Group's consolidated financial statements:

From the first-time application of IFRS 15 the Group expects only minimal impacts on revenue and financial position. The analyses conducted to date have shown that all of the construction contracts that were previously recognised under the POC method in accordance with IAS 11 will in future be recognised over time and will therefore not diverge from the present revenue recognition. Individual contracts may have to be brought together and would lead to a postponement in earnings realisation in future periods in the low, single-digit million-euro range. Changes in the statement of financial position could result from the recognition of advance payments required and the costs of securing the contract. These will have an insignificant impact on total assets. Judgement shall be made on a case-by-case basis as to whether the prepayments received contain a financing component. For the other services rendered, no change is expected in relation to revenue realisation. Furthermore, additional disclosures will be required in the notes.

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 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 will be obligatory for reporting periods beginning on or after 1 January 2019.

As the Group companies act as lessees under operating leases, the application of IFRS 16 will have an impact on the consolidated financial statements as described above. As of 31 December 2017 agreements previously classified as operating leases in the amount of between EUR 205m and EUR 225m would be recognised as liabilities. This would lead to an increase in net debt of EUR 205m to EUR 225m, a reduction in the equity ratio of around 1.4% and an increase in EBITDA from EUR 30m to EUR 34m.

Amendments to standards and interpretations

Amendments to IFRS 15: Clarification to IFRS 15

The amendments address three of the five topics identified (identifying performance obligations, principal versus agent considerations, and licensing) and aim to provide some transition relief for modified contracts and completed contracts. The amendments apply to reporting periods beginning on or after 1 January 2018.

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendments aim to limit the impacts from the different effective dates of IFRS 9 and the follow-up standard to IFRS 4, particularly for entities with comprehensive insurance activities. Two options were introduced that can be used by entities that issue insurance contracts as long as specific conditions are fulfilled: the overlay approach and the deferral approach. The amendments apply to reporting periods beginning on or after 1 January 2018.

Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions

The amendments address individual questions related to accounting for cash-settled, share-based payment transactions. The most important amendment or addition is that IFRS 2 now contains specifications related to determining the fair value of liabilities resulting from share-based payment transactions. The amendments apply to reporting periods beginning on or after 1 January 2018.

Amendments to IAS 40: Transfers of Investment Property

The amendments serve to clarify the guidance on transfers to, or from, investment properties. More specifically, the question was whether a property under construction or development that was previously classified as inventory could be transferred to investment property when there was an evident change in use. The amendments apply to reporting periods beginning on or after 1 January 2018.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

A narrow-scope exception has been added to IFRS 9 Financial Instruments to allow instruments with symmetric prepayment options to qualify for amortised cost or fair value through other comprehensive income measurement because they would otherwise fail the SPPI (solely payments of principal and interest) condition. The amendments apply to reporting periods beginning on or after 1 January 2019.

Annual Improvements to IFRSs 2014–2016 Cycle:

The Annual Improvements to IFRSs 2014–2016 Cycle involves a range of small amendments to various standards. Some of the amendments relate to:

- IFRS 1 First-time Adoption of International Financial Reporting Standards: Deleted the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose.
- IFRS 28 Investments in Associates and Joint Ventures: Clarified that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

The amendments apply to reporting periods beginning on or after 1 January 2018.

IFRIC 22: Foreign Currency Transactions and Advance Consideration

The goal of this interpretation is to clarify the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The amendments apply to reporting periods beginning on or after 1 January 2018.

Standards and interpretations not yet adopted by the European Union

New standards

IFRS 17 Insurance Contracts

IFRS 17 is applicable to companies that issue insurance contracts and replaces IFRS 4. The focus of the new regulation is on the measurement of underwriting provisions (and assets), the recognition of revenue from insurance contracts in the respective period, as well as comprehensive reporting in the notes. The amendments apply to reporting periods beginning on or after 1 January 2021.

New interpretations

IFRIC 23: Uncertainty over Income Tax Treatments

Within the IFRSs, the specifications regarding the recognition and measurement of actual income taxes, unused tax losses and unused tax credits are uneven and not sufficiently concrete to eliminate the prevailing uncertainty. Now the IFRIC 23 guidelines and the supplementary instructions on the application of IAS 12 have been provided with the goal of achieving uniform recognition of the items mentioned. The amendments apply to reporting periods beginning on or after 1 January 2019.

Amendments to standards and interpretations

Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures

The amendments to IAS 28 clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The amendments apply to reporting periods beginning on or after 1 January 2019.

Annual Improvements to IFRSs 2015–2017 Cycle

The annual improvements relate to the following four standards:

- IFRS 3: When an entity obtains control of a business that is a joint operation, it must remeasure previously held interests in that business at acquisition-date fair value. Differences between the fair value of the joint operation at the acquisition date and the previous carrying amount are recognised in profit or loss.
- IFRS 11: When an entity was formerly part of a joint operation but does not have joint control and then subsequently obtains joint control of a business that is a joint operation, the entity does not have to remeasure previously held interests in that business. Recognition has thereby been brought in line with that of associates that become joint ventures.
- IAS 12: How to handle income tax consequences resulting from financial instruments recognised as equity.
- IAS 23: Regarding assets that are still in production, the amendments clarify that specific borrowing taken out to acquire or produce the asset is only to be used in determining average borrowing costs while the asset is not yet ready for its final intended use or sale.

The amendments apply to reporting periods beginning on or after 1 January 2019.

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 shown 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 shown in other operating income.

All accounts receivable and payable between consolidated companies are eliminated during debt consolidation. Intragroup income and expense is offset within the framework 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 shown separately as part of equity capital under the item “non-controlling interests”.

5. Accounting and measurement methods

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

Measurement principles

Historic acquisition costs form the basis for the measurement of intangible assets and property, plant and equipment (except for real estate) and for loans, inventories, accounts receivable from billed orders and liabilities.

The fair value at the end of the reporting period is the basis for the measurement in respect of securities available for sale, derivative financial instruments and investment property; the fair value at the date of revaluation is the basis for measurement for real estate used by the Group.

Accounts receivable for construction contracts which have not been completed, which are included under trade receivables, reflect the respective proportion of revenue corresponding to the percentage of completion at the end of the reporting period less any payments already made by the customer.

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.

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 fiscal 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 consolidation 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 consolidation are translated at the mean rate ruling 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.

in %	Rates of amortisation	
	2017	2016
Rental rights	1.22-50.0	2.0-50.0
Licences, software	8.33-50.0	1.0-50.0
Concessions	5.0-50.0	5.0-50.0
Mining rights	depends on assets	depends on assets
Customer relations	14.3	14.3

The amortisation apportionable to the fiscal 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, which 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 will be assigned, which benefit from the synergies of the Group amalgamation. 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 is subject to the previously accumulated and regularly applied straight-line depreciation during the year under review, whereby the following rates of depreciation are applied:

in %	Rates of depreciation 2017/2016
Technical plants and machinery	10.0 to 50.0
Other plants, factory and business equipment	10.0 to 50.0

The depreciation rates are based on the probable useful life of the facilities. If impairment is established, 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, which 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 so regularly 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 according to the straight-line method, where the depreciation rates lie essentially between 1.0% and 4.0% (previous year: between 1.0% and 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.

Plants under construction, including buildings under construction, which are to be used for operational purposes or whose type of use has not yet been established, 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 obtaining rental income and/or for the purpose of its rise 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.

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.

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

The Group as lessor

Where the Group is the lessor, the only lease contracts applicable are operating leases. The rental income from these contracts is 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 are recorded as Group assets at their fair values or at the present value of the minimum lease payments if this is lower, at the beginning of the lease. The minimum lease payments are those amounts payable during the non-terminable term of the lease, including a guaranteed residual value. The corresponding liability owed to the lessor is recorded in the statement of financial position as obligations under finance leases. The lease payments are 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 is recognised in the income statement.

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

Shares in associates and in joint companies 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 shown in the consolidated income statement under as profit/loss from companies accounted for under the equity method. Group revenues from goods and services to consortiums are shown 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.

Loans are measured at amortised cost according to the effective interest method, less general allowances (value adjustments) due to impairment.

Shares in non-consolidated companies and other shareholdings shown under **other financial assets** are valued at acquisition cost, as with regard to these stakes and shareholdings, in the absence of listings, there is no stock exchange rate available and reliable fair values cannot be determined for these. If impairment is established, they are written down to the recoverable amount.

Securities available for sale are measured at fair value. Gains or losses from changes to the fair value, with the exception of revaluations due to impairment and gains and losses arising from securities denominated in foreign currencies, are entered into other comprehensive income. In the case of derecognition of these kinds of securities, or if impairment is indicated, the cumulative gain or loss in equity capital will be entered into profit or loss for the period. Interest is calculated by the effective interest method and is recognised in consolidated profit or loss.

The securities classified as held for trading are measured at their fair value. Gains or losses from changes in fair value are recognised in profit or loss.

Impairment of financial assets: At the end of each reporting period an assessment is carried out as to whether there are any indicators that a financial asset has been impaired. An impairment loss is recognised if there is evidence that the expected future cash flows from the asset in question will be reduced because of an event occurring after the initial recognition of that asset. If the impairment loss has decreased in a subsequent period because of an event occurring following its recognition, the impairment loss is reversed by increasing the carrying amount of the asset. In the case of financial assets measured at amortised cost, the maximum amount of any reversal is the amount that would have been recognised as the amortised cost of the financial asset in question if no impairment loss had been recognised.

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

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

Construction contracts are recognised according to the percentage of completion of the contract (POC method). The anticipated revenues from the contracts are shown under revenue according to the respective percentage of completion. The percentage of completion, which is the basis for the amount of the contract revenues shown, is, as a rule, determined according to the ratio of the services supplied compared to the estimated total services at the end of the reporting period. Claims are only recognised when it is likely that the customer will accept them and when they can be reliably measured. Where the result of a construction contract cannot be reliably estimated, the amount of the accumulated contract costs alone shall represent the amount recorded for contract revenues. If it is probable that the total contract costs will exceed the total contract revenues, the expected loss is recognised immediately and in full.

The revenues attributable to the services supplied so far according to the percentage of completion method are, to the extent that they exceed the payments on account made by the customer, shown in the statement of financial position under trade receivables. Amounts by which the payments on account received exceed the revenues attributable to the services supplied so far are shown under other liabilities.

Where construction contracts are executed in consortiums, profits are also recognised using the percentage of completion method.

Receivables are fundamentally recognised using the effective interest method, whereby the carrying amount generally corresponds to the nominal value. Should there be substantial evidence of risks regarding recovery, allowances are set up. Objective indicators suggesting the need for impairment include, for example, a decline in the creditworthiness of the debtor and related payment delays or impending insolvency. The necessary allowances are based on the actual risk of default.

Acquisitions and sales of financial assets common to the market (spot transactions) are shown in the statement of financial position on 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 recognition of goodwill constitute exceptions to this comprehensive tax deferral.

The calculation of the deferred tax amount is based on the rate of income tax valid in the country concerned; for Austrian companies this is a tax rate of 25%.

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 (net of 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 1.9% p.a. (previous year: 1.65%) was applied with salary increases of 2.1% (previous year: 2.5%). 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 10.6% (previous year: 0.0% to 10.6%) was applied. 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 2008-P – Pagler & Pagler is used for calculating provisions in Austria, while for Germany the life table Richttafeln 2005 G by Klaus Heubeck is applied.

Actuarial gains and losses for severance payments and pensions are recognised in full in other comprehensive income, while anniversary bonuses are under profit or loss for the period. Service costs are 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.

Financial liabilities are measured at fair value less direct transaction costs when they are initially recognised. If the amount of the repayment is lower or higher, this is written down or up in accordance with the effective interest method.

Derivative financial instruments are recognised at fair value. Gains and losses from changes in market value of forward contracts designated as hedging instruments which should hedge the risk in variability of the cash flow in the functional currency from planned transactions in the foreign currency (“cash flow hedges”), along with other derivative financial instruments which are designated as cash flow hedges, are entered into other comprehensive income, as long as they are allotted to the effective part of the hedge transaction.

Revenue is measured at the fair value of the consideration. Discounts and other subsequent reductions in revenue are deducted from this amount. Sales taxes and other taxes related to the sale are not part of the consideration or revenue. Revenue from the sale of assets is recognised on delivery and transfer of the opportunities and risks. Revenue from construction contracts is recognised according to the percentage of completion allocated over the period of the contract.

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 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.

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 fiscal 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 +/-0.25PP, Pension trend +/-0.25PP, 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 are shown in the tables below as relative deviations:

	Interest +0.25PP				Interest -0.25PP			
	active	vested	liquid	total	active	vested	liquid	total
Pension DBO	-4.10%	-3.70%	-2.40%	-2.60%	4.40%	3.60%	2.50%	2.70%

	Pension trend +0.25PP				Pension trend -0.25PP			
	active	vested	liquid	total	active	vested	liquid	total
Pension DBO	4.30%	3.60%	2.50%	2.70%	-4.00%	-3.70%	-2.40%	-2.60%

	Life expectancy +1 year				Life expectancy -1 year			
	active	vested	liquid	total	active	vested	liquid	total
Pension DBO	2.80%	3.80%	5.90%	5.50%	-2.50%	-3.60%	-5.10%	-4.80%

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

Discount rate +/-0.25PP, Salary trend +/-0.25PP Fluctuation +/-0.5PP 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.

The difference to the values disclosed in the statement of financial position is shown in the tables below as relative deviations:

	Interest +0.25PP	Interest -0.25PP	Salary trend +0.25PP	Salary trend -0.25PP
	Severance DBO	-1.90%	1.96%	1.92%

	Fluctuation +0.5PP up to 25 th year of work	Fluctuation -0.5PP up to 25 th year of work	Life expectancy +1 year	Life expectancy -1 year
	Severance DBO	-0.16%	0.17%	0.10%

Construction contracts: Evaluation of construction contracts until project completion, in particular with a view to the accounting of claims, the contract revenue using the percentage of completion method, and the estimate of the probable operating profit from the contract, based on expectations of the future development of the relevant construction contracts. A change in these estimates, particularly as regards contract costs to complete the contract, percentage of completion, the estimated operating profit and the finally accepted claims accepted can have a significant effect on the Group's financial position and financial performance (see note 24). The following sensitivity analysis shows the impact of changes to the key parameters on the carrying amounts:

in TEUR	Carrying amount 31.12.2017	Significant valuation assumptions	Change	Effect on carrying amounts
Contract values as per POC method	3,838,882	EBT margin	+/-0.5PP	+/-17,640
Provision for onerous contracts	18,280	Provision/order value	+/-0.5PP	+/-634
Provision for damages and penalties	37,648	Provision/order value	+/-0.5PP	+/-9,784
Provision for guarantees	69,583	Provision/order value	+/-0.5PP	+/-18,886

in TEUR	Carrying amount 31.12.2016	Significant valuation assumptions	Change	Effect on carrying amounts
Contract values as per POC method	2,935,012	EBT margin	+/-0.5PP	+/-28,030
Provision for onerous contracts	11,434	Provision/order value	+/-0.5PP	+/-277
Provision for damages and penalties	41,751	Provision/order value	+/-0.5PP	+/-10,747
Provision for guarantees	56,181	Provision/order value	+/-0.5PP	+/-22,752

Impairment: Impairment tests on goodwill, other intangible assets, 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 (no impairment tests have yet been conducted on the goodwill of companies newly acquired in the business year as the purchase price allocation has not yet been finalised):

2017	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. -5.7-3.4%	1	8.83	31.12.
PPI	11,288	-	Value in use	Revenue p.a. 2.0-26.2%	1	8.98	31.12.
Oevermann	44,170	-	Value in use	Revenue p.a. 0.0-35.1%	1	8.17	31.12.

2016	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. -1.5-21.1%	1	6.35	31.12.
Building management	1,471	Level 3	Fair value less cost to sell	Revenue p.a. -5.9-5.0%	1	5.18	31.12.
PPI	11,049	-	Value in use	Revenue p.a. -8.8-135.2%	1	6.65	31.12.

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 Infrastructure and the Oevermann Group.

7. Revenues

The gross revenues of TEUR 4,292,886 (previous year: TEUR 3,417,100) include the construction work of own construction sites, goods and services to consortiums, and other revenues from ordinary activities.

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

in TEUR	2017	2016
Business areas		
BU 1 - Austria, Switzerland, Czech Republic	2,428,439	2,124,767
BU 2 - Germany	741,129	455,813
BU 3 - International	1,307,492	1,082,407
BU 4 - Environmental Engineering, Healthcare & Services	225,180	218,540
Holding	35,924	43,812
Total Group output	4,738,164	3,925,339
of which proportional output from companies accounted for under the equity method and subsidiaries and shareholdings of minor significance	-445,278	-508,239
Revenue	4,292,886	3,417,100

Revenue can be subdivided as follows:

in TEUR	2017	2016
Revenues from construction contracts	4,001,726	3,180,295
Revenues from sales of raw materials and other services	291,160	236,805
Total	4,292,886	3,417,100

8. Other operating income

in TEUR	2017	2016
Income from the release of provisions	32,370	20,336
Income from the sale of property, plant and equipment	12,577	14,004
Revenue from the provision of staff	19,354	11,816
Insurance payments	8,971	3,199
Exchange gains	12,728	10,025
Revenue from charging materials	7,761	3,782
Revenue from other charges passed on	18,005	15,109
Rent from space and land	4,585	3,784
Other income related to staff	4,885	6,250
Miscellaneous	49,682	17,243
Total	170,918	105,548

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	2017	2016
Expenditure on raw materials and supplies and for purchased goods	-909,283	-643,878
Expenditure on purchased services	-2,034,744	-1,607,531
Total	-2,944,027	-2,251,409

10. Staff expense

in TEUR	2017	2016
Wages and salaries	-831,577	-706,613
Social welfare expenses	-190,415	-158,414
Expenditure on severance payments and pensions	-14,076	-9,041
Total	-1,036,068	-874,068

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 shown under the item finance costs.

11. Depreciation, amortisation and impairment expense

Amortisation of TEUR 9,571 (previous year: TEUR 10,121) was applied to intangible assets and depreciation of TEUR 100,889 (previous year: TEUR 77,162) to property, plant and equipment, of which TEUR 1,471 (previous year: TEUR 1,500) relates to impairment. For more detailed information please refer to notes 17 and 18.

12. Other operating expenses

in TEUR	2017	2016
Legal and consultancy services, insurance	-45,459	-42,438
Buildings and land	-55,206	-48,756
Exchange losses	-7,004	-10,564
Fleet	-30,098	-21,961
Advertising	-13,371	-9,944
Office operations	-28,102	-23,755
Commission on bank guarantees	-16,554	-12,771
Other taxes	-10,013	-6,380
Contributions and fees	-9,673	-6,883
Training	-4,183	-2,634
Travel expenses	-34,911	-28,742
Miscellaneous	-92,038	-41,984
Total	-346,612	-256,812

Other operating expenses essentially comprise taxes and duties, third party services and general administrative costs. Miscellaneous operating expenses also include other rental payments from rental and leasing contracts of TEUR 33,913 (previous year: TEUR 16,305).

13. Income from financial investments and current financial assets

in TEUR	2017	2016
Income from shareholdings	1,911	2,373
of which from affiliated companies	(24)	(-)
Expenditure from shareholdings	-2,325	-2,561
of which from affiliated companies	(-1,702)	(-1,591)
Income/expenditure from current financial assets	1,149	2,919
Interest	15,250	12,589
of which from affiliated companies	(43)	(141)
Total	15,985	15,320

Under the item Interest, interest of TEUR 6,092 (previous year: TEUR 4,770) (see note 45) to the UBM Group is included. Interest does not relate to financial assets measured at fair value in profit or loss.

14. Finance costs

in TEUR	2017	2016
Interest and similar expenditure relating to bonds	-10,025	-13,316
Other interest and similar expenses	-10,855	-10,991
of which from affiliated companies	(-6)	(-7)
of which interest expenditure from social overhead capital provisions	(-2,330)	(-2,691)
Total	-20,880	-24,307

As in the previous year, no borrowing costs were capitalised in the year under review. The capitalisation rate was between 0.25% and 6.25% (previous year: 0.25% and 6.25%).

15. Income tax

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

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	2017	2016
Actual tax expense	9,679	10,795
Deferred tax expense (+)/income (-)	11,954	13,447
Tax expense (+)/income (-)	21,633	24,242

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

in TEUR	2017	2016
Profit before income tax	85,324	91,068
Theoretical tax expense (+)/income (-)	21,331	22,767
Differences in rates of taxation	-2,404	383
Tax effect of non-deductible expenditure and tax-exempt income	-715	6,406
Income/expenditure from companies accounted for under the equity method	-3,541	-1,563
Changes in deferred tax assets not applied in relation to loss carryforwards	6,721	-2,341
Effect from taxation changes	65	56
Tax expense (+)/income (-) related to other periods	926	-916
Other	-750	-550
Taxes on income and earnings	21,633	24,242

In addition to the tax expense recognised in the consolidated income statement, the tax effect of expenses and income set off to other comprehensive income was also recognised in other comprehensive income. The income recognised in other comprehensive income amounted to TEUR -1,843 (previous year: TEUR 1,429). Payouts from capital from hybrid capital, profit-participation rights and the costs of the capital increase classified as equity capital are tax deductible. The resulting tax of TEUR 1,410 (previous year: TEUR 1,088) was recognised directly in equity.

Summary of tax effects in other comprehensive income:

Income tax on items in other comprehensive income

in TEUR	2017	2016
Revaluation reserve	-	-152
Remeasurement from defined benefit obligations	-1,170	1,754
Total debt securities available for sale – fair value reserve	-670	-124
Reserve for cash flow hedges	-8	-50
Equity attributable to shareholders of the parent	-1,848	1,428
Equity attributable to non-controlling interests	5	1
Total	-1,843	1,429

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 shares in issue.

in TEUR	2017	2016
Proportion of annual deficit/surplus relating to shareholders of parent	60,492	63,880
Weighted average number of issued shares and capital share certificates	28,878,505	28,699,399
Basic earnings per share = diluted earnings per share in EUR	2.09	2.23

As there were no potential diluted transactions for the fiscal years 2016 and 2017, the diluted earnings per share correspond to the basic earnings per share.

Reconciliation statement for the weighted number of shares:

	2017	2016
Shares in issue at 1 Jan	29,095,000	29,095,000
less treasury shares	-216,495	-595,412
Shares in issue less treasury shares at 1 Jan	28,878,505	28,499,588
Impact of purchase/dividend-in-kind of treasury shares	-	199,811
Weighted average of ordinary shares at 31 Dec	28,878,505	28,699,399

17. Intangible assets

in TEUR	Concessions, licences and similar rights	Software	Goodwill	Other intangible assets	Total
Acquisition costs and manufacturing costs					
Balance at 1 Jan 2016	46,050	37,469	50,066	11,815	145,400
Additions/disposals due to changes in the consolidated group	524	404	3,725	-	4,653
Additions	1,117	4,716	-	-	5,833
Disposals	-1,324	-72	-16,830	-	-18,226
Reclassifications	-	1,809	-2,501	1,113	421
Currency adjustments	-51	-56	-	-	-107
Balance at 31 Dec 2016	46,316	44,270	34,460	12,928	137,974
Additions/disposals due to changes in the consolidated group	5	11,555	79,758	-	91,318
Additions	553	1,037	-	-	1,590
Disposals	-11,795	-707	-6,282	-	-18,784
Reclassifications	-2,020	16	-	-	-2,004
Currency adjustments	97	86	240	-	423
Balance at 31 Dec 2017	33,156	56,257	108,176	12,928	210,517
Accumulated amortisation and impairment					
Balance at 1 Jan 2016	27,341	24,194	23,726	6,604	81,865
Additions/disposals due to changes in the consolidated group	237	398	931	-	1,566
Additions (planned amortisation)	2,238	4,741	-	1,642	8,621
Additions (impairment)	-	-	1,500	-	1,500
Disposals	-1,266	-53	-16,830	-	-18,149
Reclassifications	-	1,388	-2,501	1,113	-
Currency adjustments	7	-33	-	-	-26
Balance at 31 Dec 2016	28,557	30,635	6,826	9,359	75,377
Additions/disposals due to changes in the consolidated group	3	3,778	785	-	4,566
Additions (planned amortisation)	1,673	4,784	-	1,643	8,100
Additions (impairment)	-	-	1,471	-	1,471
Disposals	-11,795	-679	-6,282	-	-18,756
Reclassifications	-234	-	-	-	-234
Currency adjustments	20	57	-	-	77
Balance at 31 Dec 2017	18,224	38,575	2,800	11,002	70,601
Carrying amounts – balance at 31 Dec 2016	17,759	13,635	27,634	3,569	62,597
Carrying amounts – balance at 31 Dec 2017	14,932	17,682	105,376	1,926	139,916

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 1 Jan 2017	Currency adjustments	Newly acquired goodwill	Disposal of goodwill	Impairment	Balance 31 Dec 2017
BU 1 - Austria, Switzerland, Czech Republic	12,561	-	-	-	-	12,561
BU 2 - Germany	-	-	57,328	-	-	57,328
BU 3 - International	11,787	240	21,645	-	-	33,672
BU 4 - Environmental Engineering, Healthcare & Services	2,955	-	-	-	-1,471	1,484
Holding	331	-	-	-	-	331
Total	27,634	240	78,973	-	-1,471	105,376

in TEUR	Balance 1 Jan 2016	Currency adjustments	Newly acquired goodwill	Disposal of goodwill	Impairment	Balance 31 Dec 2016
BU 1 - Austria, Switzerland, Czech Republic	10,515	-	2,046	-	-	12,561
BU 2 - Germany	-	-	-	-	-	-
BU 3 - International	11,787	-	-	-	-	11,787
BU 4 - Environmental Engineering, Healthcare & Services	3,729	-	726	-	-1,500	2,955
Holding	309	-	22	-	-	331
Total	26,340	-	2,794	-	-1,500	27,634

In Segment Business Unit 1 – Austria, Switzerland, Czech Republic, goodwill of TEUR 7,704 is allocated to the cash-generating unit of road construction. In the BU 4 – Environmental Engineering, Healthcare & Services segment goodwill of TEUR 1,471 is allocated to the cash-generating unit of building management. Impairment totalling TEUR 1,471 was applied to this goodwill. In the segment Business Unit 3 – International goodwill of TEUR 11,288 is allocated to the cash-generating unit Porr Polska Infrastructure, further goodwill totalling TEUR 44,170 is allocated to the cash-generating unit the Oevermann Group. The goodwill newly acquired in the reporting year from the BB Government Group and the Hinteregger Group has not yet been allocated to cash-generating units, as the purchase price allocations have not yet been finalised (see note 2.1).

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 at the time of the implementation of the impairment tests. More details on the parameters and sensitivity analyses used in impairment tests are given in note 6.1.

The comments shown 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 1,471 (previous year: TEUR 1,500), shown under the item “Depreciation, amortisation and impairment expense”, as well as amortisation on other intangible assets.

18. Property, plant and equipment

in TEUR	Land, land rights and buildings including 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	Total
Acquisition costs, manufacturing costs and revaluations					
Balance at 1 Jan 2016	356,778	435,263	114,194	890	907,125
Reclassification pursuant to IFRS 3.49	1,591	-	-	-	1,591
Additions/disposals due to changes in the consolidated group	127,792	1,143	6,136	-	135,071
Additions	13,636	55,660	39,136	4,401	112,833
Disposals	-14,235	-28,670	-25,227	-7	-68,139
Reclassifications	-1,270	-1,597	3,447	-2,125	-1,545
Currency adjustments	-719	-996	-310	15	-2,010
Revision arising from revaluation	492	-	-	-	492
Balance at 31 Dec 2016	484,065	460,803	137,376	3,174	1,085,418
Additions/disposals due to changes in the consolidated group	13,079	93,562	7,527	1,961	116,129
Additions	22,903	82,431	50,282	17,273	172,889
Disposals	-42,515	-89,461	-27,097	-1,614	-160,687
Reclassifications	-1,632	4,161	-2,707	-2,746	-2,924
Currency adjustments	2,609	2,075	1,028	19	5,731
Revision arising from revaluation	-446	-	-	-	-446
Balance at 31 Dec 2017	478,063	553,571	166,409	18,067	1,216,110
Accumulated depreciation and impairment					
Balance at 1 Jan 2016	127,182	248,344	63,970	177	439,673
Additions/disposals due to changes in the consolidated group	94,075	525	4,458	-	99,058
Additions (planned depreciation)	10,343	43,293	23,526	-	77,162
Disposals	-5,567	-24,606	-21,684	-	-51,857
Reclassifications	310	-1,630	1,010	-	-310
Currency adjustments	-130	-702	-185	-	-1,017
Balance at 31 Dec 2016	226,213	265,224	71,095	177	562,709
Additions/disposals due to changes in the consolidated group	4,367	60,818	6,307	-	71,492
Additions (planned depreciation)	14,082	56,353	30,454	-	100,889
Disposals	-34,669	-75,356	-23,638	-	-133,663
Reclassifications	-691	443	-858	-	-1,106
Currency adjustments	859	1,568	602	-	3,029
Balance at 31 Dec 2017	210,161	309,050	83,962	177	603,350
Carrying amounts – balance at 31 Dec 2016	257,852	195,579	66,281	2,997	522,709
Carrying amounts – balance at 31 Dec 2017	267,902	244,521	82,447	17,890	612,760

Land, land rights and buildings, including buildings on land owned by others includes reserves for raw materials amounting to TEUR 56,900 (previous year: TEUR 57,406), 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 which was valued by an external expert at the end of the reporting period amounts to TEUR 6,750 (previous year: TEUR 6,600).

The carrying amount for property, plant and equipment pledged for security at the end of the reporting period is TEUR 36,458 (previous year: TEUR 36,683).

The carrying amount for land, land rights and buildings, including buildings on land owned by others would have amounted to TEUR 260,468 (previous year: TEUR 238,907) on application of the cost model as at 31 December 2017.

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 which has not undergone an external valuation. Discussions related to the parameters which 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 at 31 Dec 2017		
Property type	Prices quoted in active markets for identical assets Level 1	Other key observable inputs Level 2	Other key unobservable inputs Level 3	
Operating premises/storage	-	-	142,240	
Gravel pit/stone quarry	-	-	66,729	
Mix plant	-	-	10,845	
Landfill	-	-	48,088	

in TEUR		Fair value as at 31 Dec 2016		
Property type	Prices quoted in active markets for identical assets Level 1	Other key observable inputs Level 2	Other key unobservable inputs Level 3	
Operating premises/storage	-	-	135,417	
Gravel pit/stone quarry	-	-	65,742	
Mix plant	-	-	10,605	
Landfill	-	-	44,497	

Range of non-observable inputs 2017

	Property type			
	Operating premises/storage	Gravel pit/stone quarry	Landfills	Mix plants
Valuation method	CE, CV	CE, CV	CE	CV
Capitalisation rate in %	6.00-7.50	4.00-7.00	10.93	
Rent in EUR/m ²	2.50-14.00			
Maintenance in % ¹	0.75-2.00			
Vacancy rate in %	3.00-10.00			
Income in EUR/t		7.50-40.00	7.50-80.00	
Expenses in EUR/t		4.64-13.84		
Basic value in EUR/m ²				15.00-45.00
Construction time in EUR/m ²				1,000.00-1,650.00

CE = capitalised earnings, CV = comparative value

¹ Maintenance discount from value of new construction

Range of non-observable inputs 2016

	Property type			
	Operating premises/storage	Gravel pit/stone quarry	Landfills	Mix plants
Valuation method	CE, CV	CE, CV	CE	CV
Capitalisation rate in %	6.00-7.50	4.00-7.00	10.93	
Rent in EUR/m ²	2.50-12.50			
Maintenance in % ¹	6.00-18.00			
Vacancy rate in %	2.00-6.00			
Income in EUR/t		8.02-10.12	17.98-40.44	
Expenses in EUR/t		6.07-6.58		
Basic value in EUR/m ²				25.00-35.00
Construction time in EUR/m ²				1,400.00-1,600.00

CE = capitalised earnings, CV = comparative value

¹ Maintenance 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, which are commonly generated on the market by this type of property under a rental agreement.

Reconciliation of Level 3 valuations:

in TEUR	Type of property			
	Operating premises/storage	Gravel pit/stone quarry	Mix plants	Landfill
Balance at 1 Jan 2017	135,417	65,742	10,605	46,088
Additions/disposals due to changes in the consolidated group	8,712	-	-	-
Additions	12,727	3,947	-	6,229
Disposals	-6,874	-773	-14	-185
Reclassifications	-1,219	-110	370	18
Currency adjustments	1,032	-	291	427
Revision arising from revaluation	-446	-	-	-
Planned amortisation	-7,109	-2,077	-407	-4,489
Balance at 31 Dec 2017	142,240	66,729	10,845	48,088

in TEUR	Type of property			
	Operating premises/storage	Gravel pit/stone quarry	Mix plants	Landfill
Balance at 1 Jan 2016	135,127	67,441	11,756	15,272
Reclassification pursuant to IFRS 3.49	-	-	-	1,591
Additions/disposals due to changes in the consolidated group	6,221	-1,254	-6	28,756
Additions	8,302	3,689	8	1,635
Disposals	-6,682	-988	-994	-4
Reclassifications	-882	-771	76	-
Currency adjustments	-449	5	1	-147
Revision arising from revaluation	-	492	-	-
Planned amortisation	-6,220	-2,872	-236	-1,015
Balance at 31 Dec 2016	135,417	65,742	10,605	46,088

Finance leases

The carrying amounts of property, plant and equipment and investment property held under finance leasing agreements amounted to:

in TEUR	2017	2016
Real estate leasing	9,838	18,366
Equipment leasing	96,738	85,759
Total	106,576	104,125

These carrying amounts are balanced by corresponding liabilities represented by the present value of the minimum lease payments, i.e. of TEUR 85,120 (previous year: TEUR 81,851).

The terms of the finance leases for real estate are between 18 and 25 years, leasing fees are generally tied to the 6-month EURIBOR from the Austrian National Bank and adjusted every six months. The terms of the finance leases for equipment are between three and 15 years, leasing fees are generally tied to the 3-month EURIBOR from the Austrian National Bank and adjusted every quarter. The equipment leasing contracts include extension options, but they do not contain sales option or clauses for adjusting the price.

Operating leases

The Group essentially leases cars and properties under operating leases, in most cases pre-agreed extension options are not exercised. The average term of car leasing agreements is four years and the term of real estate leasing agreements is 2 to 60 years.

The following summary shows the future minimum lease payments during the non-terminable period of the operating leases:

in TEUR	2017	2016
Due within 1 year	31,499	18,041
Due between 1 and 5 years	79,527	53,697
Due after 5 years	170,755	51,748

19. Investment property

Fair value

in TEUR	
Balance at 1 Jan 2016	33,574
Additions/disposals due to changes in the consolidated group	9,000
Additions for manufacturing costs	180
Disposals	-27
Reclassifications	862
Currency adjustments	-15
Adjustments to fair value	-121
Balance at 31 Dec 2016	43,453
Additions/disposals due to changes in the consolidated group	14,032
Additions for purchases	20,815
Additions for manufacturing costs	142
Disposals	-2,014
Reclassifications	-4,286
Adjustment to fair value	-1,883
Balance at 31 Dec 2017	70,259

The value of investment property, which was assessed by an external expert as of the reporting date, amounted to TEUR 26,280 (previous year: TEUR 9,000).

The rental income from investment property amounted to TEUR 841 in the year under review (previous year: TEUR 1,172). Operating expenses related to investment property for which there was no rental income in the year under review amounted to TEUR 42 (previous year: TEUR 34).

Investment property with a carrying amount of TEUR 1,715 (previous year: TEUR 2,863) is pledged as collateral for liabilities.

Reclassifications of TEUR 5,534 (previous year: TEUR 582) relate to the reclassification of properties to non-current assets held for sale; in addition a property worth TEUR 1,250 (previous year: TEUR 1,444) was reclassified from 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 at 31 Dec 2017		
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	-	-	13,738
Undeveloped properties	-	54,020	-
Other	-	-	2,501

in TEUR	Fair value as at 31 Dec 2016		
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	-	-	9,048
Undeveloped properties	-	32,113	-
Other	-	-	2,292

Range of observable inputs 2017

Property type	Valuation method	Basic value ¹ in EUR/m ²
Undeveloped properties	CV	10.00–140.00

Range of observable inputs 2016

Property type	Valuation method	Basic value ¹ in EUR/m ²
Undeveloped properties	CV	10.00–123.00

Range of non-observable inputs 2017

Property type	Valuation method	Capitalisation rate in %	Rent per in EUR/m ²	Maintenance in % ²	Vacancy rate in %
Office/commercial	CE, CV	6.50–7.50	3.50–12.30	0.75	3.00–5.00

Range of non-observable inputs 2016

Property type	Valuation method	Capitalisation rate in %	Rent per in EUR/m ²	Maintenance in % ³	Vacancy rate in %
Office/commercial	CE, CV	5.50–8.00	5.05–20.89	7.00–40.00	2.00–10.00

CV = comparative value, CE = capitalised earnings

¹ Without construction plans

² Maintenance discount from value of new construction

³ Maintenance discount from value of gross annual income

The impact of non-observable inputs on 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 at Jan 1 2017	9,048	2,292
Additions/disposals due to changes in the consolidated group	8,741	1,503
Disposals	-1,996	-19
Reclassifications	-907	-841
Adjustment to fair value	-1,148	-434
Balance at 31 Dec 2017	13,738	2,501

in TEUR	Property type	
	Office/commercial	Other
Balance at Jan 1 2016	9,645	1,475
Reclassifications	-582	841
Currency adjustments	-15	-
Adjustment to fair value	-	-24
Balance at 31 Dec 2016	9,048	2,292

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 which are classed 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 recognised under the equity method.

Associates

The following associate is ALU-SOMMER GmbH, in which the PORR Group holds 49.5% (previous year: 49.5%). The company's business purpose is designing, manufacturing and installing aluminium-glass facades.

in TEUR	2017	2016
Revenue	38,037	34,479
Profit for the year	961	516
Other comprehensive income	-	-
Total comprehensive income	961	516
Non-current assets	9,619	8,991
Current assets	13,613	12,624
Non-current liabilities	-4,990	-4,822
Current liabilities	-7,903	-7,165
Net assets	10,339	9,628
Group share of net assets at 1 Jan	4,765	4,659
Group share of total comprehensive income	476	255
Dividends received	-124	-149
Group share of net assets at 31 Dec	5,117	4,765
Non-transferred losses	-	-
Carrying amount of companies accounted for under the equity method at 31 Dec	5,117	4,765

Disclosures on companies of minor significance:

in TEUR	2017	2016
Carrying amount of companies accounted for under the equity method at 31 Dec	24,426	13,686
Group share of		
profit for the year	12,169	4,153
other comprehensive income	-339	14
Total comprehensive income	11,830	4,167

The accumulated amount of non-recognised shares of losses of associates as of 31 December 2017 is TEUR 407 (previous year: TEUR 407).

Joint ventures

The following joint venture is “hospitals” Projektentwicklungsges.m.b.H. and its subsidiaries (“hospitals” Group), in which the PORR Group holds 62.9% (previous year: 62.9%), however, there is no control due to a shareholder agreement. The company operates in the field of developing and preparing healthcare projects.

in TEUR	2017	2016
Revenue	1,937	1,003
Depreciation, amortisation and impairment	-	-4
Interest expense	-213	-136
Tax payables	-83	-
Profit for the year	3,055	2,189
Other comprehensive income	-	-
Total comprehensive income	3,055	2,189
Non-current assets	14,500	15,763
Current assets	6,144	1,520
of which cash and cash equivalents	(3,127)	(621)
Non-current liabilities	-	-3,425
of which non-current financial liabilities	(-)	(-3,425)
Current liabilities	-4,566	-835
of which current financial liabilities	(-)	(-)
Net assets	16,078	13,023
Group share of net assets at 1 Jan	12,892	-
Net assets acquired	-	6,814
Goodwill from the acquisition	-	4,701
Group share of total comprehensive income	1,922	1,377
Dividends received	-	-
Group share of net assets at 31 Dec	14,814	12,892
Non-transferred losses	-	-
Carrying amount of companies accounted for under the equity method at 31 Dec	14,814	12,892

Disclosures on joint ventures of minor significance:

in TEUR	2017	2016
Carrying amount of companies accounted for under the equity method at 31 Dec	17,460	11,941
Group share of		
profit for the year	35,798	31,045
other comprehensive income	255	-138
Total comprehensive income	36,053	30,907

The share of the Group in the annual profit also includes the pro-rata profit from non-significant consortiums amounting to TEUR 26,576 (previous year: TEUR 26,893), which is recognised under trade receivables.

The accumulated amount of non-recognised shares of losses of joint ventures as of 31 December 2017 is TEUR 1,352 (previous year: TEUR 1,633).

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

CONSORTIUM	Share of consortium in %		Activity	Location
	2017	2016		
ATCOST21	61	37	Building Filder, Obertürkheim and Untertürkheim tunnels	Germany
Alaufstiege Tunnel	58	37	Tunnelling lots 1, 2 and 3	Germany
PTS Boßler Tunnel	50	50	Lining segments for the Alaufstiege project – Boßler Tunnel lots 1 and 2	Germany
New construction Albula Tunnel II	40	40	Building a 6 km-long replacement tunnel from Albulatal to Engadin	Switzerland
Denys - Porr Monaco BA1	50	50	Building a high-pressure gas pipeline	Germany
BAU OVW II	50	30	Building Obervermuntwerk II pumped power storage plant	Austria
TB Mur power plant Graz	60	60	Building a Mur power plant	Austria
SPT ÜSQ	50	50	Residential/high-rise building	Germany
A23 Tunnel rehabilitation	33.33	33.33	Rehabilitating Stadlau Tunnel, Hirschstetten Tunnel and Hirschstetten AST	Austria
TFZ Seibersdorf	50	50	Building a technology and research centre in Seibersdorf	Austria

2017	ATCOST21	Alaufstiege Tunnel	PTS Boßler Tunnel	New construction Albula Tunnel II	Denys - Porr Monaco BA1	Bau OVW II	TB Mur power plant Graz	SPT ÜSQ	A23 Tunnel rehabilitation	TFZ Seibersdorf
in TEUR										
Revenue	149,170	132,820	25,662	31,673	23,044	19,220	15,426	15,147	20,402	12,135
Depreciation, amortisation and impairment	-8,001	-1,254	-1,749	-880	-32	-614	-64	-1	-95	-1
Interest expense	-231	-	-	-85	-	-	-	-	-	-
Non-current assets	7,253	1,451	211	2,080	18	865	418	-	-	2
Current assets	57,611	47,515	6,758	31,058	13,840	18,508	9,940	3,608	5,205	2,670
of which cash and cash equivalents	(17,846)	(16,109)	(669)	(290)	(10,601)	(2)	(60)	(2,260)	(1,983)	(1,671)
Non-current liabilities	-	-	-	-	-	-	-	-	-	-
of which non-current financial liabilities	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Current liabilities	-64,864	-48,966	-6,969	-33,138	-13,858	-19,373	-10,358	-3,608	-5,205	-2,672
of which current financial liabilities	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Net assets	-	-	-	-	-	-	-	-	-	-

2016	ATCOST21	Alaufstiege Tunnel	PTS Boßler Tunnel	New construction Albula Tunnel II	Denys - Porr Monaco BA1	Bau OVW II	TB Mur power plant Graz	SPT ÜSQ	A23 Tunnel rehabilitation	TFZ Seibersdorf
in TEUR										
Revenue	127,218	145,066	24,437	35,882	-	55,548	-	-	20,599	1,384
Depreciation, amortisation and impairment	-4,838	-2,389	-2,661	-1,025	-	-826	-	-	-136	-4
Interest expense	-232	-	-	-60	-	-18	-	-	-	-
Non-current assets	12,525	2,467	2,539	2,961	-	897	-	-	102	2
Current assets	36,565	29,413	8,728	16,049	-	25,881	-	-	2,964	1,267
of which cash and cash equivalents	(23,094)	(12,111)	(795)	(2,288)	(-)	(2,407)	(-)	(-)	(505)	(740)
Non-current liabilities	-	-	-	-	-	-	-	-	-	-
of which non-current financial liabilities	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Current liabilities	-49,090	-31,880	-11,267	-19,010	-	-26,778	-	-	-3,066	-1,269
of which current financial liabilities	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Net assets	-	-	-	-	-	-	-	-	-	-

The share of the Group in the profit for the period of the most important consortiums amounts to TEUR 8,856 (previous year: TEUR 6,625) and is shown under trade receivables.

21. Loans

in TEUR	2017	2016
Loans to companies accounted for under the equity method	13,788	13,294
Loans to companies in which an equity interest is held	8,731	8,685
Other loans	1,273	1,178
Total	23,792	23,157

22. Other financial assets

in TEUR	2017	2016
Shareholdings in non-consolidated subsidiaries	290	327
Other shareholdings	4,605	4,168
Financial assets available for sale	89,662	85,417
Total	94,557	89,912

As regards the other shareholdings and shareholdings in non-consolidated subsidiaries, the fair value cannot be determined reliably, meaning that they are recognised at their acquisition costs less any impairment.

The total debt securities available for sale relate on the one hand to granting a perpetual mezzanine loan of TEUR 50,000 (previous year: TEUR 50,000) with an interest rate of 6.5% and perpetual hybrid capital of TEUR 25,330 with an interest rate of 6% to UBM Development AG. Ordinary termination by PORR AG is excluded for both instruments. 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 resolved 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 77,196 at the reporting date (previous year: TEUR 74,727).

The remaining financial assets available for sale of TEUR 12,466 (previous year: TEUR 10,690) mainly comprise fixed-interest instruments. They are not subject to any restrictions on disposal.

23. Inventories

Inventories comprise the following:

in TEUR	2017	2016
Finished and unfinished products and merchandise	4,834	6,632
Raw materials and supplies	51,349	46,266
Payments on account	18,556	20,376
Total	74,739	73,274

Allowances of TEUR -636 (previous year: TEUR -608) were recognised on products and merchandise in the year under review. Inventories with a carrying amount of TEUR 0 (previous year: TEUR 0) were pledged as collateral for liabilities.

24. Trade receivables

Construction contracts

The construction contracts valued by the POC method at the end of the reporting period but not yet finally settled, are stated as follows:

in TEUR	2017	recorded as a receivable	recorded as a liability
Contract values defined according to POC method	3,838,882	3,310,386	528,496
of which unrealised partial gains	(165,840)	(153,070)	(12,770)
Less attributable payments on account	-3,337,193	-2,655,859	-681,334
Net	501,689	654,527	-152,838

in TEUR	2016	recorded as a receivable	recorded as a liability
Contract values defined according to POC method	2,935,012	2,395,649	539,363
of which unrealised partial gains	(148,650)	(137,709)	(10,941)
Less attributable payments on account	-2,684,071	-1,951,634	-732,437
Net	250,941	444,015	-193,074

Proportional contract values capitalised according to the percentage of completion of the contract as at 31 December 2017 are balanced by contract costs valued at TEUR 3,673,042 (previous year: TEUR 2,786,362), so that the recognised profit for these contracts amounts to TEUR 165,840 (previous year: TEUR 148,650).

Shares of the profits from consortiums are shown under receivables from consortiums. Advances received, including preliminary payments on invoices for partial delivery, are shown under 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	31.12.2017	Remaining term > 1 year	31.12.2016	Remaining term > 1 year
Trade receivables	514,191	48,866	392,704	30,600
Receivables from construction contracts	654,527	-	444,015	-
Receivables from consortiums	132,858	11,533	93,310	10,947
Total	1,301,576	60,399	930,029	41,547

Trade receivables are classified as current in accordance with IAS 1 as they are to be settled within the entity's normal operating cycle.

Trade receivables include contractual retentions of TEUR 48,477 (previous year: TEUR 40,036).

in TEUR	2017	2016
Trade receivables before allowances	620,394	467,947
Impairment allowances at 1 Jan	75,243	82,099
Additions	77,975	24,407
Appropriation	-37,378	-26,669
Liquidation	-9,637	-4,594
Balance at 31 Dec	106,203	75,243
Carrying amount of trade receivables	514,191	392,704

Ageing structure of receivables:

Trade receivables

in TEUR	2017	2016
Carrying amount at 31 Dec	514,191	392,704
which not overdue at closing date	344,853	266,421
of which overdue at closing date in the following time periods		
less than 30 days	48,487	28,261
between 30 and 60 days	15,860	11,906
between 60 and 180 days	30,895	10,763
between 180 and 360 days	15,309	18,072
more than 360 days	58,787	57,281

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 non-current financial assets

in TEUR	31.12.2017	Remaining term > 1 year	31.12.2016	Remaining term > 1 year
Loans	94	-	97	-
Receivables from non-consolidated subsidiaries	-	-	2,136	-
Receivables from companies accounted for under the equity method	32,806	7,680	17,336	174
Receivables from other shareholdings	8,158	-	7,460	-
Receivables from insurance	495	-	1,088	-
Miscellaneous	80,925	16,875	50,520	7,464
Total	122,478	24,555	78,637	7,638

Forward contracts at fair value amounting to TEUR 4,243 (previous year: TEUR 23) are included under other financial assets (see note 43). In addition this item contains TEUR 6,022 (previous year: TEUR 5,448) of receivables from deposits, as well as receivables to the UBM Group totalling TEUR 19,164 (previous year: TEUR 21,173) (see note 45).

Receivables from non-consolidated subsidiaries, companies accounted for under the equity method and other shareholdings include contractual retentions amounting to TEUR 1,250 (previous year: TEUR 686).

26. Other receivables and assets

in TEUR	31.12.2017	Remaining term > 1 year	31.12.2016	Remaining term > 1 year
Tax assets	6,597	-	5,561	-
Other	2,539	-	458	-
Total	9,136	-	6,019	-

27. Cash and cash equivalents

The cash and cash equivalents include cash at banks amounting to TEUR 358,390 (previous year: TEUR 476,067) and cash in hand of TEUR 317 (previous year: TEUR 363).

28. Non-current assets held for sale

The non-current assets held for sale related to three properties in the segment Business Unit 1 – Austria, Switzerland, Czech Republic for which the Group has received Supervisory Board approval to sell and is actively looking for a buyer. The Group assumes that the sale will be concluded in the 2018 business year.

29. Deferred tax assets

The following tax deferrals stated on 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 realisable loss carryforwards.

in TEUR	2017		2016	
	Assets	Liabilities	Assets	Liabilities
Non-current assets, liabilities from finance leasing	64,469	65,628	48,801	53,661
POC method	-	98,233	-	70,411
Untaxed reserves	-	3,251	-	3,341
Provisions	23,547	6,703	22,894	7,195
Tax loss carryforwards	39,800	-	25,494	-
Off-setting	-118,329	-118,329	-88,661	-88,661
Deferred taxes	9,487	55,486	8,528	45,947
Net deferred taxes		45,999		37,419

in TEUR	2017	2016
Net deferred taxes (liabilities)	45,999	37,419
Change	-8,580	-14,069
of which related to exchange differences	3	-183
of which related to expense (-)/income (+) as per income statement	-11,954	-13,447
of which related to regrouping from current tax liabilities	-	-
of which related to changes to the consolidated group	5,214	-1,868
of which related to expense (-)/income (+) entered into other comprehensive income	-1,843	1,429

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

The loss carryforwards for which no deferred tax assets were recognised amount to TEUR 241,014 (previous year: TEUR 129,336) and TEUR 218,958 of this can be carried forward essentially without restriction, while TEUR 22,056 of this can be carried forward for the next five years.

30. Share capital

Share capital	No. 2017	EUR 2017	No. 2016	EUR 2016
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 bearer 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. The shares are no-par value bearer shares.

At 31 December 2017 the company directly and indirectly 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 Exchange Act, the company does not have any rights, particularly voting rights, from the treasury shares.

Authorised capital

Within five years following the entry into the Commercial Register of the resolution by the extraordinary general meeting on 11 July 2013, the Executive Board is authorised to increase the share capital of the company with the approval of the Supervisory Board, in multiple tranches if so wished, to EUR 6,612,500 by issuing up to 6,612,500 no-par value shares in exchange for cash or contribution in kind (authorised capital), whereby the issue price, 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 pre-emptive rights of shareholders to these new shares issued from the authorised capital are excluded when and if this authorisation (authorised capital) is exercised by issuing new shares in exchange for contribution in kind, up to a total of 10% of share capital, with overallotment options in the course of issuing new shares in the company. Furthermore, the Executive Board is authorised, with the approval of the Supervisory Board, to exclude shareholders' pre-emptive rights, when and if this authorisation (authorised capital) is exercised:

- i) through issuing shares in exchange for contribution in kind, or
- ii) through issuing shares to staff members, leading employees and members of the Executive Board of the Group or an associate up to a total level of 10% of share capital.

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) which is restricted. It may only be released to compensate for an accumulated loss which would otherwise be shown 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 reserves from revaluation of the annual financial statements of subsidiaries in foreign currencies, the reserves for cash flow hedges, reserves for remeasurement from benefit obligations and debt securities held for sale, retained earnings of PORR AG including the statutory reserve and the untaxed reserves after deducting deferred tax items, retained profits from subsidiaries since their acquisition 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 at 31 December 2017 were deducted from reserves and amounted to 216,495 shares as of the reporting date. An amount of TEUR 4,714 from the revaluation reserve was reclassified due to outflows in 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 32,046 are available for distribution to shareholders in PORR AG. The unrestricted retained earnings of PORR AG, which come to TEUR 127,326 as of 31 December 2017 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 shown, 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 32,046,431.38, the Executive Board proposes to pay a dividend of EUR 1.10 per share entitled to dividends, with the remaining balance to be carried 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 in bonds about to be newly issued. Included here was the issue of a subordinated hybrid bond with a total nominal value of EUR 17,054,500.00. 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 500.00 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 on the mezzanine and hybrid capital permanently, this mezzanine and hybrid capital is categorised as equity instruments. Interest of TEUR 1,688, which is paid, less any tax effect such as profit payouts, is recorded directly in equity as a deduction.

32. Equity from profit-participation rights from subsidiaries

The profit-participation rights were issued by PORR Construction Holding GmbH (formerly ABAP Beteiligungs 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, are issued for an unspecified length of time.

The interest amounts to 8.0% p.a. of the nominal capital of the profit-participation rights at 31 December 2015. From 1 January 2016 up to and including 31 December 2020 the interest amounts to 6.66% of the nominal capital of the profit-participation rights. From 1 January 2021 the annual interest will be 13.0% of the nominal capital of the profit-participation rights.

The issuer is only obliged to pay interest if they or PORR AG decide to pay holdings or shareholders a dividend from the annual surplus. The issuer is not obliged to pay the due interest for one year in the absence of a profit payout, and if the issuer utilises their right not to pay, then this unpaid interest is kept in arrears which must be paid as soon as the issuer or PORR AG decides that a dividend from the annual surplus is payable to their holdings or 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 entered 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	Recultivation	Other	Total
Balance at 31 Dec 2016	70,081	33,344	16,627	3,500	109,366	9,312	10,692	252,922
Reclassification pursuant to IFRS 3.49	-	-	-	-	-	1,591	-	1,591
Balance at 1 Jan 2017	70,081	33,344	16,627	3,500	109,366	10,903	10,692	254,513
Additions/disposals from changes to the consolidated group	3,415	14,221	311	254	10,665	232	537	29,635
Transfer	4,924	814	2,295	550	78,453	1,381	4,429	92,846
OCI changes:								
from changes to financial assumptions	-3,603	-1,639	-	-	-	-	-	-5,242
from changes to experience-based adjustments	1,587	-978	-	-	-	-	-	609
Appropriation	-4,231	-4,514	-1,342	-455	-43,251	-763	-8,659	-63,215
Liquidation	-	-27	-	-28	-29,722	-449	-2,171	-32,397
Balance at 31 Dec 2017	72,173	41,221	17,891	3,821	125,511	11,304	4,828	276,749
of which non-current	72,173	41,221	17,891	3,821	-	11,304	-	146,410
of which current	-	-	-	-	125,511	-	4,828	130,339

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 under the accounting and measurement methods with regard to the actuarial assumptions underlying the calculation.

At TEUR 18,280 (previous year: TEUR 11,434), provisions for constructions represent provisions for impending losses arising from the order backlog and, at TEUR 69,583 (previous year: TEUR 56,181), provisions for guarantees and TEUR 37,648 (previous year: TEUR 41,751) for provisions for damages and penalties. 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 4 – Environmental Engineering, Healthcare & Services. The provisions are formed 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 were created for employees (on wages and salaries) 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 the 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 employees 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 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 which are not covered by plan assets. The amount of the pension claim depends on the number of years' service in each case.

Changes within provisions for severance pay were as follows:

in TEUR	2017	2016
Present value of severance obligations (DBO) at 1 Jan	70,081	65,674
Changes to the consolidated group	3,415	920
Prior service cost	3,813	2,496
Interest paid	1,111	1,358
Severance payments	-4,231	-4,103
Actuarial profits (-)/losses (+)	-2,016	3,736
Present value of severance obligations (DBO) at 31 Dec	72,173	70,081

in TEUR	2017	2016
Prior service cost (entitlements)	3,813	2,496
Net interest expense	1,111	1,358
Severance costs (recognised in profit and loss for the period)	4,924	3,854

For the year 2018, an interest expense of TEUR 1,261 and a current service cost of TEUR 3,654 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	2017	2016
Present value of obligations covered by plan assets	22,001	21,038
Fair value of the plan assets	-13,640	-12,460
Net value of the obligations covered by plan assets	8,361	8,578
Present value of the obligations not covered by plan assets	32,860	24,766
Carrying amount of provisions at 31 Dec	41,221	33,344

Pension costs

in TEUR	2017	2016
Service cost (entitlement)	159	91
Settlement	-26	-36
Interest expense	903	956
Interest income	-248	-300
Pension costs (recognised in profit and loss for the period)	788	711

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 were determined for the pension candidate when the claim was agreed.

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

Pension obligations

in TEUR	2017	2016
Present value of pension obligations (DBO) at 1 Jan	45,803	44,700
Changes to the consolidated group	15,846	5
Prior service cost	159	91
Interest paid	903	956
Pension payments	-5,488	-3,277
Settlement	-27	-36
Actuarial profits (-)/losses (+)	-2,336	3,364
Present value of pension obligations (DBO) at 31 Dec	54,860	45,803

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.

Plan assets

in TEUR	2017	2016
Fair value of the plan assets at 1 Jan	12,460	12,909
Changes to the consolidated group	1,625	-
Contribution payments	115	78
Interest income	248	300
Payouts (lease payments)	-1,089	-941
Actuarial gains (+)/losses (-)	281	114
Fair value of the plan assets at 31 Dec	13,640	12,460

For the year 2018, an interest payment of TEUR 989 and a current service cost of TEUR 205 are planned. Please refer to the notes on the accounting and measurement methods with regard to the actuarial assumptions underlying the calculation.

Part of the plan assets amounting to TEUR 11,363 has been invested as follows by WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group:

Structure of investments in classic cover pool

in %	2017	2016
Fixed-income securities	42.85	38.42
Shares, supplementary capital, profit-participation rights, non-ownership capital	3.92	4.48
Investment funds	32.96	34.64
Affiliates and shareholdings	6.28	6.18
Loans	9.40	10.80
Property	3.79	3.96
Cash in bank	0.80	1.52
Total	100.00	100.00

Part of the plan assets amounting to TEUR 75 has been invested as follows by Sparkassen Versicherung AG:

Structure of investments in classic cover pool

in %	2017
Property and alternative investments	2.47
Shares	1.08
Equity interests	3.01
Bonds and cash	93.44
Total	100.00

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

	Maturity profile - DBO			DBO Duration	Maturity profile - Cash			Cash Duration
	1-5 years	6-10 years	10+ years		1-5 years	6-10 years	10+ years	
Pensions	16,455	12,683	23,499	11.08	17,222	14,618	36,876	13.83
Severance	31,040	16,844	23,927	7.87	34,775	26,017	86,096	13.44

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 2,334 (previous year: TEUR 2,090) in 2017, of which TEUR 53 (previous year: TEUR 53) 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 2017, amounting to TEUR 45,893 (previous year: TEUR 44,926) and 4.6% of the wage of relevant employees is payable to the severance pay fund, amounting to TEUR 6,638 in 2017 (previous year: TEUR 6,500). 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.

The employees of the PORR Group also 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

As of the value date 28 October 2014, PORR AG made an exchange offer to the bondholders of the bonds issued in 2009 and 2010. The bondholders could choose between the instrument recognised as equity (hybrid bond 6.75% 2014–2021, (see note 31) and a senior bond. The senior bond was issued under the following conditions:

Nominal amount	EUR 56,262,000.00
Tenor	2014–2019
Denomination	EUR 500.00
Nominal interest rate	3.875% p.a.
Coupon	28 October annually
Redemption	28 October 2019 at 100%
Closing rate 31 Dec 2017	105.19
ISIN	AT0000A19Y28
Book value (less treasury shares)	EUR 55,198,079.81

As of the value date November 26th 2013, one bond with the following conditions was issued by PORR AG:

Nominal amount	EUR 50,000,000.00
Tenor	2013–2018
Denomination	EUR 1,000.00
Nominal interest rate	6.25% p.a.
Coupon	26 November annually
Redemption	26 November 2018 at 100%
Closing rate 31 Dec 2017	105.07
ISIN/WKN	DE000A1HSNV2/A1HSNV
Book value (less treasury shares)	EUR 46,690,867.18

The bond was issued for subscription on the Austrian and German capital markets.

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 EUR	Nominal amount	Tenor	Interest	Interest rate
Tranche 1	21,000,000.00	13.8.2018	fixed	1.764%
Tranche 2	1,000,000.00	12.8.2019	fixed	1.15%
Tranche 3	30,000,000.00	12.8.2019	variable	6-month EURIBOR + 1.15%
Tranche 4	11,000,000.00	12.8.2020	fixed	2.249%
Tranche 5	18,000,000.00	13.8.2020	variable	6-month EURIBOR + 1.25%
Tranche 6	37,000,000.00	12.8.2021	fixed	1.55%
Tranche 7	27,000,000.00	12.8.2021	variable	6-month EURIBOR + 1.55%
Tranche 8	30,000,000.00	14.2.2022	variable	6-month EURIBOR + 1.55%
Tranche 9	5,000,000.00	12.8.2023	fixed	1.917%
Tranche 10	10,000,000.00	12.8.2023	variable	6-month EURIBOR + 1.9%
Tranche 11	10,000,000.00	13.2.2024	variable	6-month EURIBOR + 1.9%
Carrying amount at 31 Dec 2017	199,412,567.01			

All tranches subject to variable interest have been hedged using interest rate swaps (swapping variable rate for fixed rate), classified as a cash flow hedge.

36. Financial liabilities

in TEUR	2017	2016
Deposits from banks		
subject to interest at variable rates	95,834	21,648
subject to interest at fixed rates	21,307	17,250
Lease obligations		
subject to interest at variable rates	85,120	81,851
Derivative financial instruments	1,822	1,707
Other financial liabilities		
subject to interest at fixed rates	751	-
Total	204,834	122,456

Deposits from banks 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. During the year under review the 3-month EURIBOR rate averaged out at -0.33% and the 6-month EURIBOR rate at an average -0.26%. The margins for newly acquired funds with a maximum 3-month term averaged 1.42 PP in 2017.

Some items of real estate and equipment used by the Group itself are held under finance leases (see note 18). The interest rates for the lease obligations are between 1.1% and 3.0%. The interest component of the lease payments is usually continuously adjusted to the market interest rate. With the exception of these leasing rate adjustments to reference interest rates, no agreements on conditional rental payments are included.

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	31.12.2017	Remaining term < 1 year	Remaining term 1-5 years	Remaining term > 5 years	of which secured by collateral
Deposits from banks	117,141	21,661	82,081	13,399	190
Lease obligations	85,120	33,549	43,027	8,544	85,120
Derivative financial instruments	1,822	1,822	-	-	-
Other financial liabilities	751	706	45	-	-
Total	204,834	57,738	125,153	21,943	85,310

in TEUR	31.12.2016	Remaining term < 1 year	Remaining term 1-5 years	Remaining term > 5 years	of which secured by collateral
Deposits from banks	38,898	14,537	20,482	3,879	597
Lease obligations	81,851	27,749	47,453	6,649	81,851
Derivative financial instruments	1,707	1,707	-	-	-
Total	122,456	43,993	67,935	10,528	82,448

Deposits from banks which are secured by collateral relate to real estate. Group obligations under finance leases are secured by the leased assets totalling a carrying amount of TEUR 106,576 (previous year: TEUR 104,125) which are the property of the lessor under civil law.

Minimum leasing payments

in TEUR	31.12.2017	31.12.2016
With a remaining period up to one year	35,366	29,317
With a remaining period of more than one year and less than five years	45,107	49,535
With a remaining period of more than five years	8,809	6,990
Total	89,282	85,842
Future financing costs	-4,162	-3,991
Present value of minimum leasing payments	85,120	81,851

37. Trade payables

in TEUR	31.12.2017	Remaining term < 1 year	Remaining term 1-5 years	Remaining term > 5 years	of which secured by collateral
Trade payables	972,992	931,085	29,085	12,750	-
Payables to consortiums	59,048	59,048	-	-	-
Total	1,032,040	990,133	29,133	12,750	-

in TEUR	31.12.2016	Remaining term < 1 year	Remaining term 1-5 years	Remaining term > 5 years	of which secured by collateral
Trade payables	754,282	719,301	28,365	6,616	-
Payables to consortiums	31,348	31,348	-	-	-
Total	785,630	750,649	28,365	6,616	-

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	31.12.2017	Remaining term < 1 year	Remaining term 1-5 years	Remaining term > 5 years	of which secured by collateral
Payables to non-consolidated subsidiaries	202	202	-	-	-
Payables to companies accounted for under the equity method	3,946	3,941	5	-	-
Payables to other shareholdings	895	895	-	-	-
Miscellaneous	20,762	16,334	1,627	2,801	-
Total	25,805	21,372	1,632	2,801	-

in TEUR	31.12.2016	Remaining term < 1 year	Remaining term 1-5 years	Remaining term > 5 years	of which secured by collateral
Payables to non-consolidated subsidiaries	243	243	-	-	-
Payables to companies accounted for under the equity method	7,769	7,766	3	-	-
Payables to other shareholdings	455	455	-	-	-
Miscellaneous	13,941	10,768	3,132	41	-
Total	22,408	19,232	3,135	41	-

39. Other liabilities

in TEUR	31.12.2017	Remaining term < 1 year	Remaining term 1-5 years	Remaining term > 5 years	of which secured by collateral
Tax liabilities	75,701	75,701	-	-	-
Social security liabilities	18,634	18,634	-	-	-
Advances received POC	152,838	152,838	-	-	-
Payables to staff	118,901	118,901	-	-	-
Miscellaneous	1,498	1,498	-	-	-
Total	367,572	367,572	-	-	-

in TEUR	31.12.2016	Remaining term < 1 year	Remaining term 1-5 years	Remaining term > 5 years	of which secured by collateral
Tax liabilities	55,016	55,016	-	-	-
Social security liabilities	16,408	16,408	-	-	-
Advances received POC	193,074	193,074	-	-	-
Payables to staff	102,280	102,280	-	-	-
Miscellaneous	2,155	2,155	-	-	-
Total	368,933	368,933	-	-	-

40. Contingent liabilities and guarantees

in TEUR	2017	2016
Guarantees, guarantee bonds and other contingent liabilities	5,610	4,584
of which for companies accounted for under the equity method	(184)	(119)

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 availment 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 2,683,520 (previous year: TEUR 2,336,869). Of these credit lines, TEUR 976,080 (previous year: TEUR 961,000) was concluded with a three-year term. The remainder of TEUR 1,707,441 (previous year: TEUR 1,375,869) generally run for a one-year term. Furthermore, there were credit lines in several Arabic countries of TEUR 599,534 (previous year: TEUR 583,647). As at 31 December 2017, around 60% (previous year: 49%) of the European credit lines had been drawn on and around 11% (previous year: 33%) of the lines in Arabic countries.

The three-year credit lines of TEUR 976,080 (previous year: TEUR 961,000) 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 2017. On the basis of the planned development, it is assumed that they will be met again on the next effective date, 31 December 2018.

41. Notes on segment reporting

Segment reporting is conducted in line with the internal reporting and controlling structure of the PORR Group. IFRS are the standards used for all business transactions between segments. The following segments are presented:

Segment Business Unit 1 – Austria, Switzerland, Czech Republic: This segment covers the PORR Group’s operating business on the home markets of Austria, Switzerland and the Czech Republic. A full range of products and services is offered.

Segment Business Unit 2 – Germany: This segment covers the PORR Group’s operating business on the home market of Germany. A full range of products and services is offered.

Segment Business Unit 3 – International: This segment contains the project-driven business activities in Poland, the Nordic region, Qatar, Slovakia, Romania, Bulgaria, UK and other future target countries. It also includes the competencies in tunnelling, railway construction and bridge building.

Segment Business Unit 4 – Environmental Engineering, Healthcare & Services: This segment contains PORR Umwelttechnik GmbH as well as the equity interests PRAJO, TKDZ und PWW, hospitals, PORREAL and STRAUSS Property Management, Thorn, ALU-SOMMER and the activities in PPP.

Holding: This segment consists of Group services, PORR Design & Engineering GmbH and PORR Design & Engineering Deutschland GmbH.

Information on the commercial segments summarised in the business units can be found in the Group management report.

Segment report 2017

in TEUR	BU 1 – Austria, Switzerland, Czech Republic	BU 2 – Germany	BU 3 – International	BU 4 – Environ- mental Engineer- ing, Healthcare & Services	Holding	Group
Production output (Group)	2,428,439	741,129	1,307,492	225,180	35,924	4,738,164
Segment revenue (revenue, own work capitalised and other operating income)	2,244,948	877,360	1,151,688	165,506	28,665	4,468,167
Intersegment revenue	39,014	16,826	10,798	11,530	126,983	
EBT (Earnings before tax = segment earnings)	60,083	-9,849	26,846	6,349	1,895	85,324
Share of profit/loss of companies ac- counted for under the equity method	27,258	13,236	14,147	4,726	-147	59,220
Depreciation, amortisation and impairment	-62,877	-17,428	-8,460	-12,064	-9,632	-110,461
of which impairment	-	-	-	-1,471	-	-1,471
Interest income	3,839	1,354	856	1,880	7,321	15,250
Interest expense	-5,147	-1,433	-788	-1,191	-12,321	-20,880

Segment report 2016

in TEUR	BU 1 – Austria, Switzerland, Czech Republic	BU 2 – Germany	BU 3 – Interna- tional	BU 4 – Environ- mental Engineer- ing, Healthcare & Services	Holding	Group
Production output (Group)	2,124,767	455,813	1,082,407	218,540	43,812	3,925,339
Segment revenue (revenue, own work capitalised and other operating income)	1,900,192	543,588	938,421	109,849	31,325	3,523,375
Intersegment revenue	25,943	14,391	10,037	16,893	124,185	
EBT (Earnings before tax = segment earnings)	69,432	3,719	17,084	673	160	91,068
Share of profit/loss of companies ac- counted for under the equity method	25,881	14,965	323	5,054	29	46,252
Depreciation, amortisation and impairment	-53,320	-11,480	-5,326	-8,447	-8,710	-87,283
of which impairment	-	-	-	-1,500	-	-1,500
Interest income	2,414	206	1,022	1,245	7,702	12,589
Interest expense	-5,001	-629	-1,026	-580	-17,071	-24,307

The following information relates to geographic business areas in which the Group is active:

in TEUR	Production output by customer base 2017	Non-current assets by company base 2017	Production output by customer base 2016	Non-current assets by company base 2016
Domestic	2,198,338	535,294	2,055,235	445,915
Germany	1,152,076	179,345	801,646	88,827
Poland	426,147	45,524	253,969	36,289
Czech Republic	151,503	25,075	164,137	10,354
Qatar	423,412	629	317,492	10,495
Italy	6,038	274	54	121
Romania	78,368	4,642	88,170	4,094
Bulgaria	10,416	1,087	7,171	1,601
Switzerland	187,876	7,483	155,708	7,100
Serbia	8,665	15,537	10,223	16,760
Great Britain	22,153	-	5,621	-
Slovakia	26,843	2,980	17,994	1,659
Norway	58,828	3,236	33,279	1,477
Croatia	2,127	1,767	1,890	2,385
Other foreign	-14,626	62	12,750	92
Total foreign	2,539,826	287,641	1,870,104	181,254
Segment total	4,738,164	822,935	3,925,339	627,169

42. Notes on the cash flow statement

The cash flow statement is broken down into separate cash flows from operating, investing and financing activities, in which the cash flow from operating activities is derived according to the indirect method. The financial fund exclusively comprises cash on hand/at bank 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 Schuld- scheindarlehen	Total debts from financing activities
Balance 1 Jan 2017	38,898	81,851	1,707	300,662	423,118
Cash flows (cash changes)	57,651	-36,134	149	-27	21,639
Cash flows (non-cash changes)					
Corporate acquisitions	21,442	8,069	-	-	29,511
Additions	-	31,329	-	-	31,329
Exchange differences	-99	5	-	-	-94
Accrued interest	-	-	-	667	667
Change in fair value	-	-	-34	-	-34
Balance 31 Dec 2017	117,892	85,120	1,822	301,302	506,136

43. Notes on financial instruments

43.1. Capital risk management

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

In the year under review PORR succeeded in increasing equity by around TEUR 156,166. It was thereby possible to increase the equity ratio by 2.0PP to 20.7% despite the growth in total assets. Non-current liabilities subject to interest of TEUR 380,735 remained at practically the same level as the previous year. Current financial liabilities increased in the comparable period by around TEUR 81,408 due to the reclassification into current liabilities of the bond due in 2018 and a Schuldscheindarlehen tranche.

At 31 December 2017 the net debt position, defined as the balance of cash and cash equivalents, bonds and current and non-current financial liabilities, totalled TEUR 147,429 (previous year: net cash position of TEUR 53,312).

The net gearing ratio is applied for the control of capital management. The net gearing, which was negative in 2016 at -0.12, stood at 0.24 at 31 December 2017 as a result of the net debt of TEUR 147,429.

43.2. Categories of financial instruments

43.2.1. Carrying amounts, measurement rates and fair values

in TEUR	Measurement category	Carrying amount at 31 Dec 2017	(continuing) Acquisition costs	Fair value other comprehensive income	Fair value affecting net income	Fair value hierarchy	Fair value at 31 Dec 2017
Assets							
Loans	LaR	23,886	23,886				
Other financial assets ¹	AfS (at cost)	4,895	4,895				
Other financial assets	AfS	12,466		12,466		Level 1	12,466
Other financial assets	AfS	77,196		77,196		Level 3	77,196
Trade receivables	LaR	1,301,576	1,301,576				
Other financial assets	LaR	118,040	118,040				
Other financial assets	FAHfT	100			100	Level 1	100
Derivatives (without hedges)	FAHfT	4,243			4,243	Level 2	4,243
Cash and cash equivalents		358,707	358,707				
Liabilities							
Bonds							
at fixed interest rates	FLAC	101,889	101,889			Level 1	107,552
Schuldscheindarlehen							
at fixed interest rates	FLAC	74,797	74,797			Level 3	75,624
at variable interest rates	FLAC	124,616	124,616				
Deposits from banks							
at fixed interest rates	FLAC	21,307	21,307			Level 3	23,685
at variable interest rates	FLAC	95,834	95,834				
Lease obligations ²		85,120	85,120				
Other financial liabilities							
at fixed interest rates	FLAC	751	751			Level 3	710
Trade payables	FLAC	1,032,040	1,032,040				
Other financial liabilities	FLAC	25,805	25,805				
Derivatives (without hedges)	FLHfT	612			612	Level 2	612
Derivatives (with hedges)		1,210		1,210		Level 2	1,210
by category:							
Loans and receivables	LaR	1,443,502	1,443,502				
Cash and cash equivalents		358,707	358,707				
Available-for-sale financial assets ¹	AfS (at cost)	4,895	4,895				
Available-for-sale financial assets	AfS	89,662		89,662			
Financial assets held for trading	FAHfT	4,343			4,343		
Financial liabilities held for trading	FLHfT	612			612		
Derivative liabilities (with hedges)		1,210		1,210			
Financial liabilities measured at amortised cost	FLAC	1,477,039	1,477,039				

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 valuation for derivatives is determined in accordance with market data from information service provider Reuters. Liabilities from bank loans and overdrafts are valued under the discounted cash flow valuation method, whereby the zero coupon yield curve published by REUTERS as of 31 December 2017 was used for the discounting of the cash flow.

in TEUR	Measurement category	Carrying amount at 31 Dec 2016	(continuing) Acquisition costs	Fair Value other comprehensive income	Fair Value affecting net income	Fair value hierarchy	Fair value at 31 Dec 2016
Assets							
Loans	LaR	23,254	23,254				
Other financial assets ¹	AfS (at cost)	4,495	4,495				
Other financial assets	AfS	10,690		10,690		Level 1	10,690
Other financial assets	AfS	74,727		74,727		Level 3	74,727
Trade receivables	LaR	930,029	930,029				
Other financial assets	LaR	78,517	78,517				
Derivatives (without hedges)	FAHFT	23			23	Level 2	23
Cash and cash equivalents		476,430	476,430				
Liabilities							
Bonds							
at fixed interest rates	FLAC	101,461	101,461			Level 1	109,648
Schuldscheindarlehen							
at fixed interest rates	FLAC	74,697	74,697			Level 3	75,915
at variable interest rates	FLAC	124,504	124,504				
Deposits from banks							
at fixed interest rates	FLAC	17,250	17,250			Level 3	17,611
at variable interest rates	FLAC	21,648	21,648				
Lease obligations ²		81,851	81,851				
Trade payables	FLAC	785,630	785,630				
Other financial liabilities	FLAC	22,408	22,408				
Derivatives (without hedges)	FLHFT	463			463	Level 2	463
Derivatives (with hedges)		1,244		1,244		Level 2	1,244
by category:							
Loans and receivables	LaR	1,031,800	1,031,800				
Cash and cash equivalents		476,430	476,430				
Available-for-sale financial assets ¹	AfS (at cost)	4,495	4,495				
Available-for-sale financial assets	AfS	85,417		85,417			
Financial assets held for trading	FAHFT	23			23		
Financial liabilities held for trading	FLHFT	463			463		
Derivative liabilities (with hedges)		1,244		1,244			
Financial liabilities measured at amortised cost	FLAC	1,147,598	1,147,598				

¹ These are related to Group shareholdings, predominantly shares in GmbHs, whose fair value cannot be reliably measured and for which there is no active market so that it is measured at acquisition cost less possible impairment. There are currently no concrete plans to sell.

² Lease obligations fall under the application of IAS 17 and IFRS 7.

Details on fair value financial instruments Level 3:

For the valuation of the mezzanine capital of TEUR 50,000 and the hybrid capital of TEUR 25,330 for UBM Development AG, the following input factors (pricing criteria) were applied:

- Mid swap
- Credit spread UBM bond (Z-spread)
- Hybrid spread

The sum of these factors corresponds to the current pricing of the hybrid bond.

As a second step, the current pricing and contractually agreed coupon were compared, thereby determining the necessary surcharges/discounts.

- If the current market pricing is higher than the contractually agreed coupon, then a discount is applied to the nominal amount.
- If the current market pricing is lower than the contractually agreed coupon, then a surcharge is applied to the nominal amount.

This resulted in the following valuation as at 31 December 2017:

Balance at 31 Dec 2017

	Mid swap	Credit spread	Hybrid spread	Hybrid coupon in %
	31.3	203.13	151	3.854

in TEUR	Hybrid coupon in %	Nominal amount	Change in value	Fair value
Mezzanine capital	6.5	50,000	1,323	51,323
Hybrid capital	6.0	25,330	543	25,873

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 have not been considered, as it is not possible to assume either a significant negative or a significant positive correlation; therefore any individual change would increase the overall valuation in the respective amount.

43.2.2. Net income by measurement category

in TEUR		from subsequent measurement				Net income 2017
		from interest/ income	at fair value	Allowances	from disposal	
Loans and receivables	LaR	10,168	-	-	-	10,168
Available-for-sale financial assets	AfS (at cost)	1,862	-	-734	-392	736
Available-for-sale financial assets	AfS	5,082	2,679	-	-1	7,760
Derivatives (without hedges)	FAHfT/ FLHfT	-	4,105	-	-	4,105
Financial liabilities measured at amortised cost	FLAC	-17,076	-	-	-	-17,076

in TEUR		from subsequent measurement				Net income 2016
		from interest/ income	at fair value	Allowances	from disposal	
Loans and receivables	LaR	7,486	-	-	-	7,486
Available-for-sale financial assets	AfS (at cost)	2,324	-	-318	987	2,993
Available-for-sale financial assets	AfS	5,103	497	-	-261	5,339
Derivatives (without hedges)	FAHfT/ FLHfT	-	-1,275	-	-	-1,275
Financial liabilities measured at amortised cost	FLAC	-19,031	-	-	-	-19,031

43.3. Aims of financial risk management

Managing financial risks, in particular liquidity risks and interest rate/currency risks are governed by standard Group guidelines. The management's aim is to minimise the risks as far as possible. Hence, derivative and non-derivative hedging instruments are used in line with evaluations. Nevertheless, in general the only risks which 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 years. 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 2017 the Group had a liquidity level of TEUR 358,707; 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, SSD instalments and bonds, and for corporate acquisitions. Should additional liquidity demand arise, this could provisionally be covered by drawing on existing lines of credit.

At 31 December 2017 the net debt position, defined as the balance from cash and cash equivalents, debt securities in current assets, bonds and current and non-current financial liabilities, amounted to TEUR 147,429 (previous year: net cash position of TEUR 53,312).

Current financial liabilities, defined as the current portion of bonds and de facto current financial liabilities, amount to TEUR 125,401 (previous year: TEUR 43,993) and are covered by cash and cash equivalents and assets held for sale of TEUR 364,271 (previous year: TEUR 480,454).

Bonds and Schuldscheindarlehen worth TEUR 380,735 (previous year: TEUR 379,125) were part of non-current financial liabilities of TEUR 233,639 (previous year: TEUR 300,662).

At 31 December 2017 there was TEUR 233,000 (previous year: TEUR 204,734), available in bank lines for cash loans, which could be drawn on for immediate refinancing of current financial liabilities. With regard to the syndicated guaranteed credit line which was granted and used, see note 40.

43.4.1. Table of liquidity and interest rate risks

in TEUR	Average interest rate	Non-discounted payment flow			
		until March 2018	April to Dec 2018	2019 to 2022	from 2023
Bonds					
at fixed interest rates	4.99%	-	55,305	58,442	-
Schuldscheindarlehen					
at fixed interest rates	1.73%	-	22,298	51,610	5,096
at variable interest rates	1.47%	932	924	110,271	20,481
Deposits from banks					
at fixed interest rates	2.04%	88	285	17,896	4,072
at variable interest rates	1.24%	21,184	935	65,708	9,400
Lease obligations	1.44%	13,957	21,408	45,107	8,809
Other financial liabilities					
at fixed interest rates	0.75%	-	707	47	-
Trade payables	interest-free	908,118	22,966	41,907	-

in TEUR	Average interest rate	Non-discounted payment flow			
		until March 2017	April to Dec 2017	2018 to 2021	from 2022
Bonds					
at fixed interest rates	4.99%	-	5,305	113,747	-
Schuldscheindarlehen					
at fixed interest rates	1.73%	-	1,300	73,810	5,191
at variable interest rates	1.55%	991	973	119,904	10,385
Deposits from banks					
at fixed interest rates	2.05%	88	285	15,567	2,701
at variable interest rates	1.24%	13,825	828	6,183	1,251
Lease obligations	2.59%	7,499	21,818	49,535	6,990
Trade payables	interest-free	699,834	19,467	34,981	-

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 two interest rate swaps totalling TEUR 125,000 and three interest rate swaps with start dates in the future totalling TEUR 155,000. All derivative hedges are designated as cash-flow hedges. All interest rate swaps relate to swapping variable interest flows for fixed interest flows. As of 31 December 2017 the market value of the interest rate swaps had a fair value of TEUR 1,210.

An analysis of the floating interest rate position at 31 December 2017 amounting to around TEUR 130,100 showed the following sensitivities which would occur under the scenarios of an interest rate increase of 0.01PP. The extent of the interest rate increase is based on the average volatility of the 3-month and 6-month EURIBOR in 2017. An unchanged interest rate therefore falls statistically within a probability band of 67% and the probability of an interest rate bandwidth of 1 BPS is respectively 99%. The simulated impact on interest rates is as follows:

in TEUR	Lower payable interest for the year 2018	Lower payable interest (p.a.) with straight-line extrapolation from 2019
at interest rate rise of 0.01PP	4	13

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 the operational foreign currency risks completely. In accordance with the respective functional currency of the Group unit which is processing the order, we aim to conduct local orders in the corresponding national currencies. This happens in every instance in which the services to be rendered are locally generated. If this does not succeed, 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 use forward contracts and first generation currency options (see note 43.8.).

As of 31 December 2017, the following currency positions existed for the entire Group:

Reporting currency	Currency pair	VaR ¹ in TEUR
PLN	EURPLN	1,352
QAR	EURQAR	732
NOK	EURNOK	175
RSD	EURRSD	159
EUR	NOKEUR	121
RON	EURRON	102
CHF	EURCHF	67
NOK	PLNNOK	61
Various	Various	147

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 2,917.

VaR at Group level, when the items are netted over the reporting currencies and under inclusion of correlations between currency pairs, amounts to TEUR 1,447.

Reporting currency	Currency pair	VaR ¹ in TEUR
EUR	EURPLN	1,129
EUR	EURQAR	222
EUR	EURCHF	36
EUR	EURRON	26
EUR	EURRSD	25
EUR	Various	8

¹VaR = Value At Risk at a one-sided 95.5% 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 had concluded forward exchange contracts of TEUR 185,445 (previous year: TEUR 59,337) at 31 December 2017; of these, TEUR 114,606 were forward purchases and TEUR 70,840 were forward sales. Around TEUR 83,774 (previous year: TEUR 13,776) are used as hedges for project cash flows and the remainder of TEUR 101,671 (previous year: TEUR 45,561) for hedging intragroup financing.

At 31 December 2017 the market valuation of open forward exchange contracts resulted in a fair value of TEUR 3,631. In the fiscal year 2017 total income of TEUR 4,072 which 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 2017, i.e. when payments from the underlying transactions are expected:

EUR forward purchases Due date	Cash flows in TEUR						Total
	GBP	CHF	NOK	RON	QAR	PLN	
Jan 18			277	38,821	531	1,027	40,656
Feb 18			681	3,234	24,898	1,481	30,294
Mar 18			833			320	1,153
Apr 18			573			279	852
May 18		26,303	522				26,825
Jun 18		4,724	387	3,217	195		8,523
Jul 18			459			159	618
Aug 18			424				424
Sep 18			721				721
Oct 18			270				270
Nov 18			380				380
Dec 18	725		299				1,024
Jan 19			299				299
Feb 19			352				352
Mar 19			259				259
Apr 19			183				183
May 19			183				183
Jun 19			183				183
Jul 19			183				183
Aug 19			183				183
Sep 19			183				183
Oct 19			183				183
Nov 19			146				146
Dec 19			528				528

EUR forward sales Due date	Cash flows in TEUR				Total
	CHF	PLN	SEK	USD	
Jan 18	96	4,504	49		4,649
Feb 18	79	4,384	113	128	4,704
Mar 18		4,039		116	4,155
Apr 18		5,344		43	5,387
May 18	84	6,233			6,317
Jun 18		5,214			5,214
Jul 18		6,078			6,078
Aug 18	62	5,458			5,520
Sep 18		5,915			5,915
Oct 18		5,544			5,544
Nov 18		4,988			4,988
Dec 18		3,800			3,800
Jan 19		3,848			3,848
Feb 19		1,798			1,798
Mar 19		1,369			1,369
Apr 19		337			337
May 19		200			200
Jun 19		1,013			1,013

43.8. Derivative financial instruments

The following table shows the fair values of the different derivative instruments:

in TEUR	2017	2016
Assets		
Derivatives		
without hedges	4,243	23
Liabilities		
Derivatives		
without hedges	612	463
with hedges	1,210	1,244

43.9. Credit risks

The risk related to receivables from customers can be classified as marginal, owing to the broad dispersion and ongoing credit-worthiness checks. Specific to the industry, construction contracts require an advance payment 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 risk of default in the case of other original financial instruments stated 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 to infrastructure projects for state-affiliated companies in Austria and Germany. Except for these, there are no occurrences of concentration of risk arising from significant outstanding amounts from individual debtors.

At 31 December 2017 the maximum credit risk amounted to TEUR 1,900,888 (previous year: TEUR 1,597,801) and relates mainly to loans, other financial investments and securities, other financial assets, trade receivables and cash and cash equivalents.

44. Average staffing levels

	2017	2016
Salaried employees		
Domestic	3,239	3,023
Foreign	4,568	3,702
Waged workers		
Domestic	5,940	5,701
Foreign	3,972	2,902
Total staff	17,719	15,328
of which fully consolidated		
Salaried employees	7,695	6,392
Waged workers	9,677	8,228
Total fully consolidated	17,372	14,620

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-Ortner 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 show direct services charged.

Transactions between Group companies and companies accounted for under the equity method are disclosed in the following analysis:

in TEUR	Sales of goods and services		Purchases of goods and services		Receivables		Liabilities	
	2017	2016	2017	2016	2017	2016	2017	2016
Associates	20,382	12,500	30,061	25,910	13,441	8,553	2,014	1,677
Joint ventures	47,815	25,764	36,990	36,143	19,365	22,077	1,932	6,092
Consortiums	231,675	219,210	55,688	43,445	81,929	58,761	13,387	10,447

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	
	2017	2016	2017	2016	2017	2016	2017	2016
from trade payables and receivables								
UBM Group	96,549	111,154	6,918	7,870	6,504	5,425	830	189
IGO-Ortner Group	7,645	2,522	24,654	21,904	2,015	917	6,751	4,774
Strauss Group	4,684	13,693	584	629	139	1,282	12	15
Kapsch Group	693	123	1,573	14	263	1	18	-
Other	3	2	442	290	1,762	1,724	30	79
from financing								
UBM Group	6,092	4,770	-	-	96,360	95,900	102	60

In relation to a property development for which PORR is the main tenant, the developer, STRAUSS & PARTNER Development GmbH, was given advance financing of TEUR 45,000 with a term to the end of 2019, which was paid back prematurely as of October 2017. In addition a property was purchased from the UBM Group in the period under review; the purchase price of TEUR 22 was settled in cash.

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 184 (previous year: TEUR 119), 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

As of 3 April 2018, UBM Development AG paid back the mezzanine loan of TEUR 50,000 to PORR AG.

The Executive Board of PORR AG approved the consolidated financial statements and handed them over to the Supervisory Board on 18 April 2018.

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	
	2017	2016
Auditing the financial statements	265	250
Other audit services	358	319
Other advisory services	44	78

48. Executive bodies

Members of the Executive Board:

Karl-Heinz Strauss, CEO

Christian B. Maier (until 31 December 2017)

Andreas Sauer (from 1 February 2018)

J. Johannes Wenkenbach

Members of the Supervisory Board:

Karl Pistotnik, Chairman

Klaus Ortner, Deputy Chairman

Michael Diederich

Robert Grüneis

Walter Knirsch

Iris Ortner

Bernhard Vanas

Susanne Weiss

Thomas Winischhofer

Members delegated by the Works Council:

Peter Grandits

Walter Jenny (until 26 June 2017)

Michael Kaincz

Michael Tomitz

Gottfried Hatzzenbichler (from 26 June 2017)

Wolfgang Ringhofer (from 26 June 2017)

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	2017
Executive Board remuneration 2017				
Karl-Heinz Strauss	750	595	39	1,384
Christian B. Maier	500	675	40	1,215
J. Johannes Wenkenbach	500	425	40	965
Total	1,750	1,695	119	3,564
of which current benefits due	1,750	1,695	-	3,445
of which remuneration due after termination of employment	-	-	119	119
Benefits due as the result of termination of employment ¹	1,577	-	-	1,577
Supervisory Board remuneration				
Current benefits due				198

¹ Severance due for the termination of the Executive Board mandate of Christian B. Maier

in TEUR	Salary	Variable bonus	Pension fund	2016
Executive Board remuneration 2016				
Karl-Heinz Strauss	750	700	-	1,450
Christian B. Maier	500	500	40	1,040
J. Johannes Wenkenbach	500	500	40	1,040
Total	1,750	1,700	80	3,530
of which current benefits due	1,750	1,700	-	3,450
of which remuneration due after termination of employment	-	-	80	80
Supervisory Board remuneration				
Current benefits due				200

18 April 2018, Vienna

The Executive Board

Karl-Heinz Strauss m.p.

Andreas Sauer m.p.

J. Johannes Wenkenbach 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	Vienna	0.00000	100.00000	F	0.00000	100.00000	F
A. Niedermühlbichler Baugesellschaft m.b.H.	AT	EUR	Seeboden	0.00000	100.00000	F			
ABW Abbruch, Boden- und Wasserreinigungs-Gesellschaft m.b.H.	AT	EUR	Vienna	0.00000	100.00000	F	0.00000	100.00000	F
Allgemeine Straßenbau GmbH	AT	EUR	Vienna	0.00000	100.00000	F	0.00000	100.00000	F
Altlastensanierung und Abraumdeponie Langes Feld Gesellschaft m.b.H.	AT	EUR	Vienna	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	Vienna	0.00000	100.00000	F	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	Vienna	0.00000	100.00000	F	0.00000	100.00000	F
Bosch Baugesellschaft m.b.H.	AT	EUR	Vienna	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
BPP Beteiligungs GmbH	AT	EUR	Holzhausen				0.00000	100.00000	F
CamBER22 GmbH	AT	EUR	Vienna	0.00000	100.00000	F			
Edos Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	0.00000	100.00000	F	0.00000	100.00000	F
Eisenschutzgesellschaft m.b.H.	AT	EUR	Vienna	0.00000	100.00000	F	0.00000	100.00000	F
EPS Absberggasse 47 Projektmanagement GmbH	AT	EUR	Vienna	100.00000	100.00000	F	100.00000	100.00000	F
EPS LAA 43 GmbH	AT	EUR	Vienna	0.00000	100.00000	F	0.00000	100.00000	F
Esikas Beteiligungsverwaltungs GmbH	AT	EUR	Vienna				100.00000	100.00000	M
FEHBERGER Stahlbau GmbH	AT	EUR	Völkermarkt	0.00000	100.00000	F			
Franz Böck's Nachf. Ing. Eva & Karl Schindler Gesellschaft m.b.H. & Co.Nfg.KG	AT	EUR	Vienna				0.00000	100.00000	F
Fritz & Co. Baugesellschaft m.b.H.	AT	EUR	Salzburg	0.00000	100.00000	F			
G. Hinteregger & Söhne Baugesellschaft m.b.H.	AT	EUR	Salzburg	0.00000	100.00000	F			
Gesellschaft für Bauwesen GmbH	AT	EUR	Vienna	0.00000	100.00000	F	0.00000	100.00000	F
GETINA Versicherungsvermittlung GmbH	AT	EUR	Vienna	0.00000	100.00000	F	0.00000	90.00000	F
GHS Logistik GmbH	AT	EUR	Salzburg	0.00000	100.00000	F			
GHS Umwelttechnik-GmbH	AT	EUR	Vienna				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	Vienna	0.00000	100.00000	F	0.00000	100.00000	F
Hinteregger Holding Gesellschaft m.b.H.	AT	EUR	Salzburg	0.00000	100.00000	F			
IAT GmbH	AT	EUR	Vienna	0.00000	100.00000	F	0.00000	100.00000	F
Ing. Otto Richter & Co Straßenmarkierungen GmbH	AT	EUR	Viennaersdorf, pol. mun. Traiskirchen	0.00000	100.00000	F	0.00000	100.00000	F
Ing. RADL-BAU GmbH	AT	EUR	Vienna	0.00000	100.00000	F	0.00000	100.00000	F
ISHAP Personaldokumentations GmbH	AT	EUR	Vienna	0.00000	80.00000	F			
Johann Koller Deponiebetriebsges.m.b.H.	AT	EUR	Vienna	0.00000	100.00000	F	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
KOLLER TRANSPORTE - KIES - ERDBAU GMBH	AT	EUR	Vienna	0.00000	100.00000	F	0.00000	100.00000	F
Kraft & Wärme Rohr- und Anlagentechnik GmbH	AT	EUR	Vienna	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
LD Recycling GmbH	AT	EUR	Unterpremstätten, pol. mun. 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	Vienna	0.00000	100.00000	F	0.00000	100.00000	F
ÖBA - Österreichische Betondecken Ausbau GmbH	AT	EUR	Vienna	0.00000	100.00000	F	0.00000	100.00000	F
Panitzky Gesellschaft m.b.H.	AT	EUR	Vienna	0.00000	100.00000	F	0.00000	100.00000	F
Perschler Gesellschaft m.b.H.	AT	EUR	Niklasdorf	0.00000	100.00000	F			
PKM - Muldenzentrale GmbH	AT	EUR	Vienna	0.00000	96.45152	F	0.00000	96.45152	F
PORR AUSTRIARAIL GmbH	AT	EUR	Vienna	0.00000	100.00000	F	0.00000	100.00000	F
PORR Bau GmbH	AT	EUR	Vienna	0.00000	100.00000	F	0.00000	100.00000	F
PORR Bauindustrie GmbH	AT	EUR	Vienna	100.00000	100.00000	F	100.00000	100.00000	F
PORR Beteiligungen und Management GmbH	AT	EUR	Vienna	100.00000	100.00000	F	100.00000	100.00000	F
PORR Construction Holding GmbH	AT	EUR	Vienna	100.00000	100.00000	F	100.00000	100.00000	F
PORR Design & Engineering GmbH	AT	EUR	Vienna	0.00000	100.00000	F	0.00000	100.00000	F
PORR Equipment Services GmbH	AT	EUR	Vienna	100.00000	100.00000	F	100.00000	100.00000	F
PORR Financial Services GmbH	AT	EUR	Vienna	100.00000	100.00000	F	100.00000	100.00000	F
PORR Hinteregger-Holding GmbH	AT	EUR	Salzburg	0.00000	100.00000	F			
PORR Umwelttechnik GmbH	AT	EUR	Vienna	0.00000	100.00000	F	0.00000	100.00000	F
PORREAL GmbH	AT	EUR	Vienna	0.00000	100.00000	F	0.00000	100.00000	F
PORRisk Solutions GmbH	AT	EUR	Vienna	100.00000	100.00000	F			
PRAJO HOLDING Beteiligungs- & Verwaltungsgesellschaft mbH	AT	EUR	Vienna				0.00000	100.00000	F
Prajo & Co GmbH	AT	EUR	Vienna	0.00000	100.00000	F	0.00000	100.00000	F
PRAJO Transportunternehmer GmbH	AT	EUR	Vienna				0.00000	100.00000	F
PRAJO-BÖHM Recycling GmbH	AT	EUR	Vienna	0.00000	100.00000	F	0.00000	100.00000	F
PRONAT Steinbruch Preg GmbH	AT	EUR	Unterpremstätten, pol. mun. Premstätten	0.00000	100.00000	F	0.00000	100.00000	F
PWW Holding GmbH	AT	EUR	Vienna	0.00000	100.00000	F	0.00000	100.00000	F
Sabelo Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	100.00000	100.00000	M	100.00000	100.00000	M
Sabimo Monte Laa Bauplatz 2 GmbH	AT	EUR	Vienna	0.00000	100.00000	F			
Salzburger Lieferasphalt GmbH & Co OG	AT	EUR	Sulzau, pol. mun. Werfen	0.00000	80.00000	F	0.00000	40.00000	E
Schatzl & Jungmayr Garten- und Landschaftsbau GmbH	AT	EUR	Vienna	0.00000	100.00000	F	0.00000	100.00000	F
Schotter- und Betonwerk Karl Schwarzl Betriebsgesellschaft m.b.H.	AT	EUR	Unterpremstätten, pol. mun. 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
Schwarzl Transport GmbH	AT	EUR	Unterpremstätten, pol. mun. Premstätten	0.00000	100.00000	F	0.00000	100.00000	F
STRAUSS Property Management GmbH	AT	EUR	Vienna	0.00000	100.00000	F	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
Tancsos und Binder Gesellschaft m.b.H.	AT	EUR	Wolfsberg	0.00000	100.00000	F	0.00000	100.00000	F
TEERAG-ASDAG Aktiengesellschaft	AT	EUR	Vienna	0.00000	100.00000	F	0.00000	100.00000	F
TEERAG-ASDAG Bau GmbH	AT	EUR	Vienna	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	Vienna	100.00000	100.00000	F	100.00000	100.00000	F
Wiener Betriebs- und Baugesellschaft m.b.H.	AT	EUR	Vienna	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 Financial Services AG	CH	CHF	Altdorf				0.00000	100.00000	F
PORR SUISSE AG	CH	CHF	Altdorf	0.00000	100.00000	F	0.00000	100.00000	F
OBALOVNA PRÍBRAM, s.r.o.	CZ	CZK	Prague	0.00000	75.00000	F	0.00000	75.00000	F
OBATECH s.r.o.	CZ	CZK	Prague	0.00000	100.00000	F			
PORR a.s.	CZ	CZK	Prague	0.00000	100.00000	F	0.00000	100.00000	F
PORR Equipment Services Cesko s.r.o	CZ	CZK	Prague	0.00000	100.00000	F	0.00000	100.00000	F
PORREAL Cesko, s.r.o.	CZ	CZK	Prague	0.00000	100.00000	F	0.00000	100.00000	F
baikap Holding 180812 GmbH	DE	EUR	Munich	0.00000	100.00000	F			
BB Government Services GmbH	DE	EUR	Kaiserslautern	0.00000	100.00000	F			
CMG Gesellschaft für Baulegistik GmbH	DE	EUR	Münster	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			
Franki Grundbau Verwaltungs GmbH	DE	EUR	Seevetal	0.00000	100.00000	F			
H + E Haustechnik und Elektro GmbH	DE	EUR	Deggendorf	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			
HUT Umwelttechnik GmbH	DE	EUR	Seevetal	0.00000	100.00000	F			
IAT Deutschland GmbH	DE	EUR	Munich	0.00000	100.00000	F	0.00000	100.00000	F
ISG Ingenieurservice Grundbau GmbH	DE	EUR	Seevetal	0.00000	100.00000	F			
ÖBA Betondecken Ausbau Deutschland GmbH	DE	EUR	Munich	0.00000	100.00000	F	0.00000	100.00000	F
Oevermann Hochbau GmbH	DE	EUR	Münster	0.00000	100.00000	F			
Oevermann Ingenieurbau GmbH	DE	EUR	Münster	0.00000	100.00000	F			
Oevermann Verkehrswegebau GmbH	DE	EUR	Münster	0.00000	100.00000	F			
Porr Design & Engineering Deutschland GmbH	DE	EUR	Berlin	0.00000	100.00000	F	0.00000	100.00000	F
Porr Deutschland GmbH	DE	EUR	Munich	0.00000	94.29860	F	0.00000	94.29860	F
Porr Equipment Services Deutschland GmbH	DE	EUR	Munich	0.00000	100.00000	F	0.00000	100.00000	F
Porr Franki GmbH & Co. KG	DE	EUR	Seevetal	0.00000	100.00000	F			
Porr Industriebau GmbH	DE	EUR	Passau	0.00000	100.00000	F	0.00000	100.00000	F
PORR MURNAU GmbH & Co. KG	DE	EUR	Munich	0.00000	100.00000	F	0.00000	100.00000	F
PORR Oevermann GmbH	DE	EUR	Münster	0.00000	100.00000	F			
Porr Umwelttechnik Deutschland GmbH	DE	EUR	Garching bei Munich	0.00000	100.00000	F	0.00000	100.00000	F
PORR Vermögensverwaltung MURNAU GmbH	DE	EUR	Munich	0.00000	100.00000	M	0.00000	100.00000	M
PORREAL Deutschland GmbH in Liqu.	DE	EUR	Berlin	0.00000	100.00000	F	0.00000	100.00000	F
Radmer Kies GmbH & Co. KG	DE	EUR	Aschheim, Lk. Munich	0.00000	100.00000	F	0.00000	100.00000	F
Radmer Kiesvertrieb Verwaltungs GmbH	DE	EUR	Aschheim, Lk. Munich	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 Spezialtiefbau GmbH	DE	EUR	Berlin	0.00000	100.00000	F	0.00000	100.00000	F
Thorn Abwassertechnik GmbH	DE	EUR	Munich	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			

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
VIT Verba- und Injektionstechnik GmbH	DE	EUR	Seevetal	0.00000	100.00000	F			
Wellener Immobiliengesellschaft mbH	DE	EUR	Wellen	0.00000	100.00000	F	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.	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 Épitési Kft.	HU	HUF	Budapest	0.00000	100.00000	F	0.00000	100.00000	F
PORREAL Ingatlankezelési Korlátolt Felelősségű Társaság	HU	HUF	Budapest				0.00000	100.00000	F
Teerag-Aszfalt Építőipari és Kereskedelmi Korlátolt Felelősségű Társaság v.a.	HU	HUF	Budapest				0.00000	100.00000	F
BBS SRL	IT	EUR	Vicenza	0.00000	100.00000	F			
IAT Impermeabilizzazioni Srl	IT	EUR	Bolzano	0.00000	100.00000	F	0.00000	100.00000	F
PORR GRADEZNISTVO DOOEL 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	OM	OMR	Muscat	0.00000	100.00000	F	0.00000	100.00000	F
"Stal-Service" Spółka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00000	80.00000	F	0.00000	80.00000	F
PORR Polska Construction Spółka Akcyjna	PL	PLN	Warsaw				0.00000	100.00000	F
PORR Spółka Akcyjna	PL	PLN	Warsaw	0.00000	100.00000	F	0.00000	100.00000	F
PORREAL Polska Spółka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00000	100.00000	F	0.00000	100.00000	F
Stump-Hydrobudowa Spółka z ograniczona odpowiedzialnoscia	PL	PLN	Nowy Dwór Mazowiecki	0.00000	100.00000	F	0.00000	100.00000	F
RADMER BAU PORTUGAL - CONSTRUÇOES, LIMITADA	PT	EUR	Lisbon	0.00000	99.00000	M	0.00000	99.00000	M
PORR Qatar Construction WLL	QA	QAR	Doha	0.00000	49.00000	F	0.00000	49.00000	F
Porr Construct S.R.L.	RO	RON	Bucharest	0.00000	100.00000	F	0.00000	100.00000	F
SC Schwarzl Beton SRL	RO	RON	Bucharest	0.00000	100.00000	M	0.00000	92.00000	M
"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
Društvo 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	RS	RSD	Belgrade	0.00000	74.00000	F	0.00000	74.00000	F
PNC Sverige AB	SE	SEK	Stockholm	0.00000	100.00000	F	0.00000	100.00000	F
PORR gradbenistvo, trgovina in druge storitve d.o.o. v likvidaciji	SI	EUR	Ljubljana				100.00000	100.00000	M
PORR s.r.o.	SK	EUR	Bratislava	0.00000	100.00000	F	0.00000	100.00000	F
PORREAL Slovakia s.r.o. "v likvidácii"	SK	EUR	Bratislava				0.00000	88.70482	M

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
PORR INSAAT SANAYI VE TICARET LIMITED SIRKETI	TR	TRY	Ankara				0.00000	100.00000	F
Tovarystvo z obmezhenoyu vidpovidalnistyu "Porr Ukraina"	UA	UAH	Kiev	0.00000	100.00000	F	0.00000	100.00000	F
Associated companies									
ABO Asphalt-Bau Oeynhausen GmbH.	AT	EUR	Oeynhausen, 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 Günskirchen Gesellschaft m.b.H.	AT	EUR	Linz	0.00000	33.33333	M	0.00000	33.33333	M
ASA - Projektentwicklung - GmbH	AT	EUR	Vienna	0.00000	47.44822	E	0.00000	47.44822	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	Vienna	0.00000	45.00000	M	0.00000	45.00000	M
CCG Immobilien GmbH	AT	EUR	Werndorf	0.00000	25.00000	E	0.00000	25.00000	E
FMA Asphaltwerk GmbH & Co KG	AT	EUR	Feldbach	0.00000	35.00000	E	0.00000	35.00000	E
Hotel Bad Mitterndorf Errichtungs- und Verwertungs GmbH & Co KG	AT	EUR	Bad Mitterndorf	0.00000	24.00000	E	0.00000	24.00000	E
Hotel Bad Mitterndorf Errichtungs- und Verwertungs GmbH in Liqu.	AT	EUR	Bad Mitterndorf	0.00000	24.00000	M	0.00000	24.00000	M
ISHAP Gebäudedokumentations GmbH	AT	EUR	Vienna	0.00000	37.50000	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 Bauträger GesmbH	AT	EUR	Klagenfurt	0.00000	24.75000	M	0.00000	24.75000	M
RFM Asphaltmischwerk GmbH & Co KG	AT	EUR	Wienersdorf-Oeynhausen, pol. mun. Traiskirchen	0.00000	46.00000	E	0.00000	46.00000	E
RFM Asphaltmischwerk GmbH	AT	EUR	Wienersdorf-Oeynhausen, pol. mun. Traiskirchen	0.00000	46.00000	M	0.00000	46.00000	M
Sava Most Gradevinsko Preduzece OG	AT	EUR	Vienna	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 Korlátolt Felelősségű Társaság	HU	HUF	Jánossomorja	0.00000	34.88000	E	0.00000	34.88000	E
BPV-Metro 4 Építési Közkereseti Társaság	HU	HUF	Budapest	49.95000	49.95000	M	49.95000	49.95000	M
BPV-METRO 4 NeKe Építési Közkereseti Társaság	HU	HUF	Budapest	49.95000	49.95000	M	49.95000	49.95000	M
FRANKI POLSKA Spółka z ograniczona odpowiedzialnoscia	PL	PLN	Krakow	0.00000	70.00000	E			
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	33.33333	E	0.00000	33.33333	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
Joint ventures									
„hospitals“ Projektentwicklungsges.m.b.H.	AT	EUR	Vienna	0.00000	62.90000	E	0.00000	62.90000	E
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	Vienna	0.00000	33.34000	E	0.00000	33.34000	E
ARIWA Abwasserreinigung im Waldviertel GmbH	AT	EUR	Vienna	0.00000	75.00000	E	0.00000	50.00000	E
ASB Nörsach GmbH	AT	EUR	Linz	0.00000	50.00000	E	0.00000	50.00000	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
Betonexpress FH Vertriebs-GMBH	AT	EUR	Bad Gleichenberg	0.00000	20.00000	M	0.00000	20.00000	M
Errichtungsgesellschaft Marchfeldkogel mbH	AT	EUR	Groß-Enzersdorf	0.00000	60.93000	E	0.00000	60.93000	E
FMA Asphaltwerk GmbH	AT	EUR	Feldbach	0.00000	35.00000	M	0.00000	35.00000	M
Gaspix Beteiligungsverwaltungs GmbH	AT	EUR	Zirl	31.57894	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			
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
KDS 98 Errichtungs GmbH	AT	EUR	Klagenfurt am Wörthersee	0.00000	33.30000	E			
Lieferasphalt Gesellschaft m.b.H.	AT	EUR	Vienna	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	Maria Gail, pol. mun. Villach	0.00000	40.00000	E	0.00000	40.00000	E
Lieferasphalt Gesellschaft m.b.H. & Co. OG, Zirl	AT	EUR	Vienna	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	31.57895	31.57895	E	31.57895	31.57895	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	Vienna	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
Tauernkies GmbH	AT	EUR	Salzburg	0.00000	50.00000	E	0.00000	50.00000	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

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
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 Stredokluky s.r.o.	CZ	CZK	Prague	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
Porr & Swietelsky stavebni, v. o. s. v likvidaci	CZ	CZK	Prague				0.00000	50.00000	E
Spolecne obalovny, s.r.o.	CZ	CZK	Prague	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			
Beteiligungsgesellschaft Nordharz Asphalt-Mischwerke mbH	DE	EUR	Wegeleben	0.00000	50.00000	M			
Frankenstraße 18-20 GmbH & Co. KG in Liqu.	DE	EUR	Hamburg	0.00000	50.00000	E	0.00000	50.00000	E
Nordharz Asphalt-Mischwerke GmbH & Co. KG	DE	EUR	Wegeleben	0.00000	50.00000	E			
Olympia Gate Munich Verwaltungs GmbH	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	0.00000	50.00000	M
Radmer Bau Kieswerke GmbH & Co. Sand und Kies KG	DE	EUR	Schkeuditz	0.00000	50.00000	E	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
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	Warsaw	0.00000	50.00000	E	0.00000	50.00000	E
Berlin Office Spółka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00000	26.00000	E	0.00000	26.00000	E
Poleczki Amsterdam Office Spółka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00000	26.00000	E	0.00000	26.00000	E
Poleczki Vienna Office Spółka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00000	26.00000	E	0.00000	26.00000	E
Warsaw Office Spółka z ograniczona odpowiedzialnoscia	PL	PLN	Warsaw	0.00000	26.00000	E	0.00000	26.00000	E
AUCC Precast Factory LLC	QA	QAR	Doha	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 Co. - PORR Qatar Constructions Co. JV LLC	QA	QAR	Doha	0.00000	45.00000	E			
SEVER-JUG AUTOPUT DRUSTVO SA OGRANICENOM ODGOVORNOSCU ZA IZGRADNJU, KORISCENJE I ODRZAVANJE AUTOPUTA u likvidaciji	RS	RSD	Belgrade	0.00000	50.00000	M	0.00000	50.00000	M
D4R7 Construction s.r.o.	SK	EUR	Bratislava	0.00000	35.00000	E	0.00000	35.00000	E
Other equity interests									
Grimming Therme GmbH	AT	EUR	Bad Mitterndorf	0.00000	17.00000	M	0.00000	17.00000	M
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	Vienna	0.00000	1.00000	M	0.00000	1.00000	M

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
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			
Senuin Beteiligungsverwaltungs GmbH	AT	EUR	Vienna	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
Vystavba hotelu PRAHA - ZVONARKA, spol. s.r.o.	CZ	CZK	Prague	0.00000	11.11111	M	0.00000	11.11111	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			
Forum am Bahnhof Quickborn GmbH & Co. KG	DE	EUR	Hamburg	0.00000	6.00000	M	0.00000	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
Münchner Grund Immobilien Bauträger GmbH	DE	EUR	Munich	0.00000	6.00000	M	0.00000	6.00000	M
SONUS City GmbH & Co. KG	DE	EUR	Berlin	0.00000	6.00000	M	0.00000	6.00000	M
Zero Bypass (Holdings) Limited	GB	GBP	London	10.00000	10.00000	M	10.00000	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 31 December 2017, 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 31 December 2017 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 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:

1. Accounting for construction
2. Accounting for consortiums
3. Accounting for business combinations

1. Accounting for construction contracts

Situation and reference to further information

A large part of revenue and profits of the PORR group result from construction contracts. In 2017 this accounted for approximately 93% of revenue.

Construction contracts are generally recognised according to the percentage of completion method (PoC-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 if it is likely that they will be accepted by the customer or can be enforced and when they can be reliably assessed. Provisions for buildings are recognised for warranty claims, impending and claimed penalties and damages.

The assessment of construction contracts 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 construction contracts 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.

Audit response

In the course of our audit, we have gained an understanding of the processes relevant to the accounting of 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 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

Reference to further information

Information on accounting and measurement methods for construction contracts can be found in chapter 5 (Accounting and measurement methods) of the notes to the consolidated financial statements. 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 construction contracts, 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 in disclosure note: Other liabilities (39.). Chapter 34 (Provisions) provides details on the composition and development of provisions for buildings.

2. Accounting for consortiums

Situation and reference to further information

Large-scale infrastructure projects are often carried out in consortiums.

The majority of these consortiums are classified as joint ventures on the basis of standard contracts pursuant to IFRS 11 and are accounted for using the equity method. The group's share of profit or loss of these consortiums are reported under the 'Share of profit/loss of companies accounted for under the equity method'. Revenue resulting from services provided to consortiums is presented under contract revenues. In 2017 services provided to consortiums amounted to approx. EUR 232m, the 'Share of profit/loss of companies accounted for under the equity method' include proportional profits from consortiums of approx. EUR 35m.

In general consortiums are separate vehicles with an independent financial administration and organizational structure. The accounting for the consortium is partly performed by the PORR Group and partly by another partner. The profit determination within the consortium is carried out in accordance with the stipulations of the consortium/joint venture agreement and in order for these profits to be included in the PORR consolidated financial statements, they have to be adjusted to IFRS regulations, in particular IAS 11 for construction contracts.

The accounting of the profit and loss shares and the resulting receivables and liabilities against consortiums is therefore not only dependent on the accounting for the construction contracts and the associated uncertainties and risks, but also on the monitoring, adjusting and transferring of the consortium accounts to the IFRS consolidated financial statements of PORR.

Apart from the uncertainties arising from necessary estimations for the construction contracts (refer to point 1. Accounting for construction contracts), the risk for the consolidated financial statements consists of errors resulting from transferring or adjusting the profits of the consortium.

Audit response

In the course of our audit, we have gained an understanding of the processes related to the accounting of consortiums and tested the effectiveness of selected internal controls. These controls mainly concerned the acceptance of construction contracts, conclusion of consortium agreements, involvement into the accounting of the consortiums and the monitoring and systematic recording and adjustment of the accounts of the consortiums into the PORR Group.

On the basis of the results of these control tests, we have drawn a sample from the construction contracts handled by the consortiums and the related at-equity results, receivables and payables for a more in-depth analysis. With focus on high estimation uncertainties and error risks, we have selected our sample considering various relevant parameters such as margin and profit development, contract value, asserted and capitalized claims, disputed claims and the amount of advance profits. In addition, the knowledge and experience gained from the monitoring and cooperation with various partners was taken into account.

For the selected sample, similar audit procedures were carried out to those for the testing of construction contracts (refer to point 1). In addition, our audit procedures relating to consortiums accounted for using the equity method included:

- Critical assessment of profit statements provided by consortium partners
- Analysis and discussion of alternative project assessments and adjustment requirements with the responsible project managers
- Reconciliation of the consortium partner accounts to the accounting of the consortium
- Testing of the IFRS adjustments to the results transferred from the consortiums

Reference to further information

Information on the accounting and measurement methods of the consortiums can be found in chapter 5 (Accounting and measurement methods) of the notes to the consolidated financial statements. Chapter 20. (Shares in companies accounted for under the equity method) provides information on the revenues, results, assets and liabilities of significant consortiums, as well

as the earnings from non-essential consortiums. In section 24 (Trade receivables), receivables are shown and liabilities against consortiums are disclosed in chapter 37. (Trade payables). Section 45 (Related Party Transactions) provides an overview of the transactions and the resulting balances with consortiums.

3. Accounting for business combinations

Situation and reference to further information

In the fiscal year 2017, the group acquired several companies or groups. The total purchase price amounted to EUR 118m. Taking into account the acquired net assets total new goodwill amounts to EUR 79m.

In the course of the purchase price allocation, material assumption have to be made concerning the existence and valuation of acquired assets and liabilities.

The risk for the consolidated statements consists of the complete identification of assets and liabilities and the calculation of the fair values, especially for intangible assets, order backlog, constructions contracts and provisions for construction contracts and buildings.

Audit response

In the course of our audit, we have gained an understanding of the relevant processes for the accounting of business combinations.

The audit procedures performed included:

- Derivation of the purchase prices taking into account variable consideration
- Assessment of completeness of identified assets and liabilities
- Analytical procedures, comparing the actual results to the estimates/forecasts made in the past
- Reconciliation of the key assumptions und estimates with contracts, budgets and comparable construction contracts
- Critical analysis and discussions of key project assumptions with the responsible commercial and operational project managers
- Obtaining and critically assessing internal and external, legal and commercial opinions and reports for the valuation of assets and liabilities
- Testing of the completeness of the notes

Reference to further information

In the consolidated cash flow statement business combinations are presented in the line item „Payouts for the purchase of subsidiaries less cash and cash equivalents” in “Cash flow from investing activities”.

Chapter 2 (Consolidated group) contains notes on the companies and groups acquired during the actual financial year including the consideration paid, existing earn-out clauses and allocation to the group’s liabilities and assets. Information on the accounting and measurement methods of business combinations are included in chapter 4 (Consolidation principles) and 5 (Accounting and measurement methods) of the notes to the consolidated financial statements. Chapter 17 (Intangible assets) gives information on goodwill allocation to segments. Payables for purchase prices valued at fair value are included in the line item Miscellaneous in chapter 38 (Other financial liabilities) amounting to MEUR 2.5. Chapter 42 (Notes to the cash flow statement) contains non-cash changes in financial liabilities and leases from business combinations.

Responsibilities of management and of the supervisory board 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 for the group

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.

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 23 May 2017. We were appointed by the Supervisory Board on 21 June 2017. 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 Klemens Eiter, Certified Public Accountant.

Vienna, 19 April 2018

BDO Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Klemens Eiter
Certified Public Accountant

Gerhard Fremgen
Certified Public Accountant

This report is a translation of the original report in German, which is solely valid.

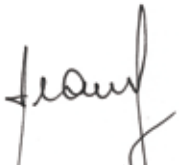
Publication or sharing with third parties of the financial statements together with our auditor's opinion is only allowed if the financial statements and the management report are identical with the German audited version. This audit opinion is only applicable to the German and complete financial statements 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.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as includes all of the companies in the consolidated group, and the Group management report presents the development and performance of the business and the position of the Group in such a way that it gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, together with a description of the principal risks and sources of uncertainty to which the Group is exposed.

April 2018, Vienna



Karl-Heinz Strauss
Chief Executive Officer



Andreas Sauer
Executive Board Member



J. Johannes Wenkenbach
Executive Board Member

Appropriation of Earnings

The consolidated financial statements as of 31 December 2017 report net retained profits of EUR 32,046,431.38 for the business year 2017.

The Executive Board of PORR AG thereby proposes the following appropriation of retained profits reported in the consolidated financial statements as of 31 December 2017:

The payout of a dividend of EUR 1.10 (one euro and tent cents) per dividend-bearing share with the remaining balance to be carried forward to new account.

April 2018, Vienna



Karl-Heinz Strauss
Chief Executive Officer



Andreas Sauer
Executive Board Member



J. Johannes Wenkenbach
Executive Board Member

Glossary

The Construction Industry

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.

DACH region is used to denote Germany, Austria and Switzerland.

Full service provider is a company that covers the entire value creation chain by offering all services from one source.

General contractor (GC) provides all construction services needed to erect a building and is allowed to subcontract out complete or partial services to other companies.

Logistics is the integrated planning, organisation, management, completion and monitoring of the whole of the flow of materials and goods as well as the related flows of information.

Miscellaneous building construction covers the areas of education, hotel, healthcare and other building construction.

PORR Group refers to PORR AG and all its subsidiaries.

Project development is the designing and completion of projects that are normally on a relatively large scale.

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.

Cash flow is a financial measure that shows the unaltered surplus payments received within a given period of time and which thus constitutes 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.

EBIT (Earnings Before Interest and Taxes) corresponds to the operating performance.

EBIT margin is the EBIT in relation to sales revenue.

EBITDA is Earnings Before Interest and Taxes and Depreciation and Amortisation.

EBT (Earnings Before Taxes) designates the pre-tax profit or loss.

Equity method is a method for valuing shares in companies and it 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.

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.

Order backlog is the total of all orders or contracts which have not been executed by the key date in question.

Risk management is the systematic identification, measuring 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 against 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

PORR AG
Corporate Communications
be.public Corporate & Financial Communications, Vienna

Photos

PORR AG (Executive Board photo), PORR AG (Varrod Bridge; Prokocim; Green Line, Doha metro; E30 railway line; Gravel washing plant at landfill site; S7 expressway; Fylkesveg 17 Liafjellet; German Unity Transport Project 8, Al Wakrah stadium), SIGNA/Philipp Derganz (THE ICON VIENNA), Anke Müllerklein (VBG head office), Tomáš Malý (Pöttinger assembly hall), Pro Infrastructura (Sebeş-Turda motorway), PORR AG/Harry Schiffer (Koralmtunnel KAT 3), Consortium Tunnel Alaufstieg/M. Kaltenböck (Steinbühl Tunnel), Locher Ingenieure AG (Dorfnest overpass), Rainer Mirau (Böhringer LSCC)

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The consolidated financial statements for 2017, 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 2017 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.

Disclaimer

Statements relating to the future in this report are based on estimates and assumptions which are 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 forecast values 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. All dates expressed in digits conform to European conventions of dd.mm.yyyy. Results preceded by the abbreviation TEUR are in euro thousand.

This report is a translation into English of the Annual Report 2017 published in the German language and is provided solely for the convenience of English-speaking users. The figures have been rounded off. In the event of a discrepancy or translation error, the German-language version prevails.



Financial Calendar

19.5.2018	Record date for attending the 138 th Annual General Meeting
28.5.2018	Publication report on the 1 st quarter 2018
29.5.2018	138th Annual General Meeting , EURO PLAZA, Am Euro Platz 2, Building G, 1120 Vienna
5.6.2018	Ex-dividend trading on the Vienna Stock Exchange
6.6.2018	Dividend record date
7.6.2018	Dividend payout day for the 2017 business year 2017
29.8.2018	Publication half-year report 2018
29.10.2018	Interest payment PORR Corporate Bond 2014/1 (senior bond)
29.10.2018	Interest payment PORR Corporate Bond 2014/2 (hybrid bond)
26.11.2018	Interest payment PORR Corporate Bond 2013
29.11.2018	Publication report on the 3 rd quarter 2018

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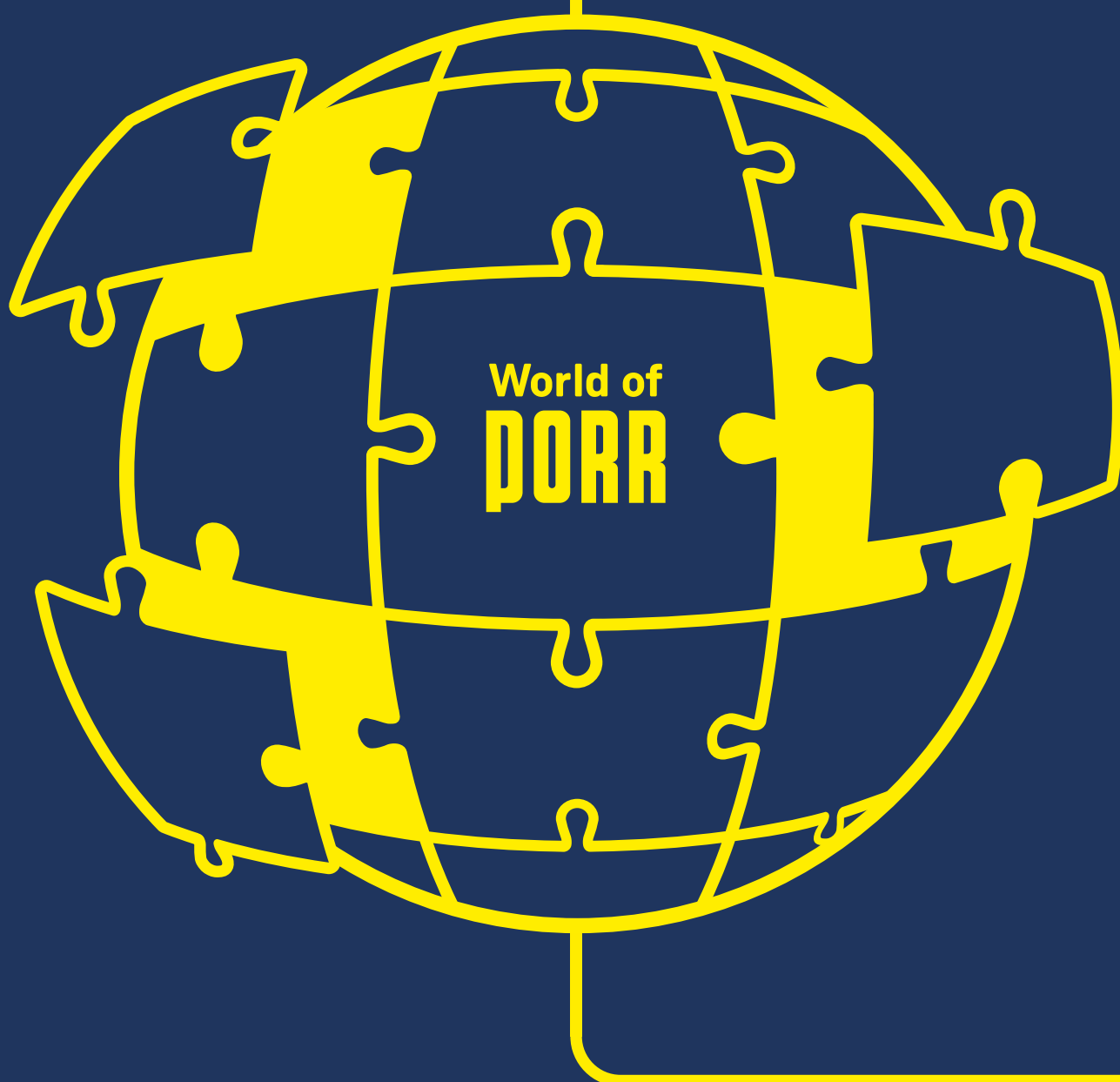
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Management Report

Economic Environment

The economy found itself in a stable growth phase worldwide in 2017 – global GDP growth reached 3.9%. Driven by the current rebound in Europe and Asia as well as positive signals from the US economy, global growth is set to match this level again in the current year. The momentum is spread across a broad base – around 75% of the global economy is participating in the upswing.¹ The boom is also ongoing in the USA, even if the high share prices represent a certain risk for the economy. Overall economic growth in the USA stood at 2.3% in 2017. And the outlook for the first half of 2018 is also positive, with the economy set to grow by 2.4%.² That said, the turbulence on the stock exchange at the start of 2018 has led to increasing uncertainty about an imminent end to the zero-interest-rate policy in the eurozone.

The eurozone economy has shrugged off the crisis years and is on a robust growth course. According to statistics agency Eurostat, GDP rose by 2.5% in the EU-28 and in the eurozone in 2017.³ This means that there has been a significant upsurge in the currency union for five quarters in a row, along with comparatively high growth rates. With regard to the regional distribution and demand components, the economic upswing is spread across a broad base. Especially in Germany, France, Italy and Spain – the four largest countries in the currency union – GDP underwent a sharp expansion in the third quarter of 2017. The positive economic performance is likely to continue in the coming months, with favourable developments also expected on the labour market. Unemployment in the eurozone fell to 8.7% in December, thereby reaching its lowest level in eight years.⁴

In 2017 the Austrian economy benefited from the rapid expansion in foreign trade. According to the Austrian Institute of Economic Research (WIFO), growth reached 2.9% in the year under review.⁵ The expansion continues to be driven by solid demand in every sector. At the same time, consumer spending displayed strong momentum, with expenditure rising by 0.4%. Public expenditure climbed somewhat more strongly by 0.6%.

Investment activity continued its strong rise with Austrian companies increasing their demand for investments in equipment and construction. The situation on the Austrian labour market also improved. That said, the seasonally adjusted unemployment rate of 7.9% – despite the increase in the number of people in employment – is very high in national terms.

Developments in the Construction Industry

In 2017 construction volumes in European countries climbed by 3.5% and thereby achieved their sharpest growth since the pre-crisis year of 2006. Construction demand rose in all of the 19 Euroconstruct countries assessed, underlining the broad regional basis for the upsurge. The strongest growth drivers here came from residential construction.⁶

Forecasts for 2018 also predict significant growth for the European construction industry with a further increase of 6% (cumulative) expected by 2020. The growth rates are anticipated to slow down somewhat in residential construction and other building construction, while civil engineering should establish itself as the growth leader in the medium term (4% growth in both 2018 and 2019).⁷

In line with the growth in Europe, the performance of the Austrian construction industry was also positive. At 2.8%, the industry growth mirrored the growth of the overall economy. Against a backdrop of below-average growth rates in the past years, this is seen as an important sign of recovery. The economic rebound stands on a broad foundation, whereby in 2017 all three key construction segments (residential, non-residential and civil engineering) achieved significant gains. The strongest growth was reported by building construction with 3.4%. In particular business-related construction services in commercial, industrial and office construction benefited noticeably from the economic recovery. On the basis of the current backdrop, further growth is forecast for the construction industry for the coming years, albeit at a somewhat slower pace.⁸

¹ International Monetary Fund, World Economic Outlook, <http://www.dw.com/de/iwf-weltwirtschaft-boomt/a-42258785>

² WIFO Monthly Report, 2018, 91(1), p. 3-14

³ Eurostat/press release euroindicators, 20/2018 – 30 January 2018

⁴ WIFO Monthly Report, 2018, 91(1), p. 3-14

⁵ WIFO press release, 21 December 2017

⁶ http://www.euroconstruct.org/jart/prj3/wifo/main.jart?rel=euroconstruct_en&content-id=1500874414119&reserve-mode=active

⁷ WIFO press release: Europe's construction industry returns to pre-crisis growth levels for the first time, 1 December 2017

⁸ Ibid

Financial Performance

Income Statement – Overview

in TEUR	2017	2016	Change
Revenue	124,839	121,658	3,181
Change in portfolio of non-deductible services	3,779	0	3,779
EBIT	12,521	16,008	-3,487
Net investment income	44,833	27,919	16,914
Net interest expenses	-4,907	-4,911	4
Other financial expenses/income	-117	201	-318
EBT	52,330	39,217	13,113
Tax	-1,746	-3,538	1,792
Profit for the year	50,584	35,679	14,905
Net earnings	32,046	32,154	-108

PORR AG not only provided services for the entire PORR Group, but also exercised holding functions. The following values and statements relate exclusively to the annual financial statements of PORR AG.

In the 2017 income statement, PORR AG reported revenue totalling EUR 124.8m (previous year: EUR 121.7m), which was primarily generated by providing services.

The change in the portfolio of non-deductible services amounting to EUR 3.8m related to unfinished buildings measured at manufacturing cost and related to the “new world of work” project.

The other operating income includes income from grants and exchange gains and declined by EUR 0.1m to EUR 0.8m (previous year: EUR 0.9m).

The cost of materials and other related production services increased by EUR 2.6m and stood at EUR 11.1m (previous year: EUR 8.5m). The main reason for this was expenditure related to the “new world of work” project commissioned from a third party. This also resulted in the change of services not yet invoiced.

The average staffing level in 2017 increased by 12.1% against 2016. Staff expense climbed by EUR 1.9m to EUR 37.6m (previous year: EUR 35.7m), a rise of 5.3%.

Depreciation, amortisation and impairment rose by 25.6% or EUR 2.1m to EUR 10.2m (previous year: EUR 8.1m). The

increased investment in new software and hardware technologies led to a rise in depreciation and amortisation for software and hardware compared to the previous year.

Other operating expenses rose by EUR 3.7m to EUR 57.9m (previous year: EUR 54.2m). The items included here primarily related to legal and consultancy services, (EUR 5.8m), commissions on bank guarantees (EUR 10.9m), insurance premiums (EUR 0.4m), office running costs (EUR 13.8m), expenses for buildings and land (EUR 8.3m), charges and other taxes (EUR 1.3m), advertising costs (EUR 6.2m) and expenses for the vehicle fleet (EUR 0.3m).

Earnings before interest and tax (EBIT) declined year-on-year by EUR 3.5m to EUR 12.5m (previous year: EUR 16.0m).

Net investment income improved by EUR 16.9m to EUR 44.8m (previous year: EUR 27.9m). Higher contributions to earnings came in particular from PORR Construction Holding GmbH and PORR Bauindustrie GmbH due to the profit and loss transfer to PORR Bau GmbH.

Other financial expenses/income declined to EUR -0.1m (previous year: EUR 0.2m). The negative interest income remained unchanged against the previous year at EUR 4.9m in 2017.

Starting out from EBT of EUR 52.3m (previous year: EUR 39.2m), there was a post-tax profit for the year of EUR 50.6m (previous year: EUR 35.7m).

Financial Position and Cash Flows

Balance Sheet – Overview

in TEUR	31.12.2017	31.12.2016	Change
Non-current assets	747,949	654,572	93,377
Current assets	379,460	224,270	155,190
Accruals and deferrals	5,079	3,387	1,692
Deferred tax assets	-	163	-163
Total assets	1,132,488	882,392	250,096
Equity	381,689	362,897	18,792
Mezzanine capital	150,000	25,000	125,000
Provisions	49,374	49,295	79
Liabilities	551,259	445,023	106,236
Deferred tax assets	166	177	-11
Total equity and liabilities	1,132,488	882,392	250,096

At 31 December 2017 the total assets of PORR AG stood at EUR 1,132.5m and thereby increased by EUR 250.1m against the level of the previous year of EUR 882.4m. With regard to assets, this was primarily caused by the increase in receivables from associates and financial assets. In terms of equity and liabilities, there were increases from the mezzanine capital, the issue of a subordinated bond (hybrid bond) of EUR 125m, and liabilities to banks.

Under assets, non-current assets are the focal point of the total, accounting for 66.0%. At year-end 2017 they totalled EUR 747.9m (previous year: EUR 654.6m). Intangible assets and property, plant and equipment rose by 16.5% to total EUR 51.9m (previous year: EUR 44.5m). The sharpest growth was in shares in associated companies, which rose by EUR 86.1m to EUR 601.0m (previous year: EUR 514.9m) as the result of a subsidy to PORR Deutschland GmbH.

Significant changes in current assets included the increase in receivables to associates of EUR 186.8m to total EUR 324.4m (previous year: EUR 137.6m), while cash and cash equivalents decreased by EUR 39.1m to EUR 21.8m (previous year: EUR 60.9m).

The equity ratio (including mezzanine capital) climbed by 2.9% at the reporting date to 46.9% (previous year: 44.0%).

Provisions rose by EUR 0.1m to EUR 49.4m (previous year: EUR 49.3m). Liabilities rose as of the reporting date by 23.9% or EUR 106.3m to EUR 551.3m (previous year: EUR 445.0m). This was primarily because of the increase in liabilities to banks of EUR 67.7m to total EUR 89.7m (previous year:

EUR 22.0m) for the purpose of financing acquisitions in Austria and Germany.

The cash flow statement shows the use and origin of cash and cash equivalents in the company.

The cash flow from operating activities of EUR 42.1m (previous year: EUR 18.4m) mainly resulted from earnings, from the increase in other liabilities and the change in receivables and liabilities for associated companies. The changes in the Group cash pool are recognised in cash flow from financing activities and cash flow from investing activities.

Cash flow from investing activities changed from EUR -56.5m in 2016 to EUR -203.8m. Investments in financial assets and securities in current assets amounted to EUR 86.2m and an amount of EUR 17.5m was recognised for investments in property, plant and equipment and intangible assets. Furthermore, cash flow from investing activities also contains cash-pool investments of EUR 100.2m.

Cash flow from financing activities of EUR 122.6m (previous year: EUR -27.0m) contains, on the one hand, the proceeds from the hybrid bond issued (nominal amount EUR 125m) and on the other hand the inflow of funds from the repayment of cash-pool liabilities of EUR 40.3m. A dividend of EUR 31.8m was paid out to the shareholders of PORR AG for the business year 2016 (previous year: EUR 42.8m including a special dividend of EUR 14.3m).

At year-end 2017 PORR AG had cash and cash equivalents of EUR 21.8m (31 December 2016: EUR 60.9m).

Cash Flow Statement – Overview

in TEUR	2017	2016
Net cash flow from operating activities	42,135	18,444
Net cash flow from investing activities	-203,811	-56,557
Net cash flow from financing activities	122,557	-27,006
Change in cash and cash equivalents	-39,119	-65,119
Change in cash and cash equivalents at start of year	60,938	126,057
Change in cash and cash equivalents at year-end	21,819	60,938

Staff

In the course of 2017 PORR AG employed 409 people on average, broken down into three waged workers and 406 salaried employees. In comparison to the previous year this represents an increase of 44 staff members or 12.1%.

Average staffing levels of PORR AG	2017	Change	2016	2015	2014
Waged workers	3	-50.0%	6	3	3
Salaried employees	406	13.1%	359	332	310
Total	409	12.1%	365	335	313

Corporate Social Responsibility

Sustainability is an integral component of the PORR corporate philosophy. The company is committed to upholding sustainability criteria at every stage of the value chain. This applies to several areas including the social sector – such as staff development, all aspects of accident prevention and preventative healthcare – as well as securing diversity and equal opportunities throughout the entire Group.

Environmental issues are addressed in the action field of preserving value and focus on energy efficiency in particular. Adherence to environmental regulations is also systematically recorded and the requisite improvements implemented.

The PORR Sustainable Value Report is published once every two years and the most recent publication covers the years 2014/2015. Detailed information is available at porr-group.com/csr. The report for the years 2016/2017 will be published in tandem with the Annual Report. From the reporting year 2018 onwards PORR will report on its sustainability activities in the form of yearly publications.

Research and Development

PORR is striving for technological leadership in many areas of construction technology. Developing innovative solutions is an intrinsic part of the design process as well as the actual construction process. In 2017 PORR employed a total of 45 people in the fields of research, development and innovation. Other sub-departments and operating units also support the innovation projects, whereby their organisation is handled by knowledge management. The key importance of the issue is also reflected in the investments in research and develop-

ment – investment in 2016 was 20% higher than in the previous year; in 2017 R&D expenditure was at a similarly high level. The PORR department of Technology Management and Innovation (PTI) serves as a contact point offering comprehensive consulting and support for every innovation question.

PORR cooperates with competitors and major clients on a variety of research projects. Different university institutes are involved in industry and innovation projects and form the scientific basis in interdisciplinary consortiums. Current examples include a project to optimise the strengthening and reinforcement of bridges and another for reducing the resource consumption of construction machinery. A central issue of the work in innovation is the digitalisation of design and construction processes in the course of the Roadmap 2020. In future all PORR processes will be digitalised as far as possible and will thereby be paperless. 30 employees are currently working on the further development and application of Building Information Modeling (BIM). Step by step, various processes related to design and execution are being integrated into this model – for example Architecture, Statics, Calculation and Monitoring Construction Site Progress.

PORR has launched several ideas contests in order to nurture the potential for innovation in the company. Here there has already been a sequel to the existing model of generating ideas – with a stronger focus on the issue of innovation. The ideas range from new or advanced construction methods and innovative materials through to ways of saving energy, and improvements in internal processes and procedures. The PORR knowledge factory in the PORRtal enables employees to provide additional input for developments and advances, thereby exploiting synergies in the Group.

Occupational Health and Safety

Safety is the top priority at PORR. The focus is on preventing accidents by ensuring safe work practices on construction sites. With "Vision Zero" the company is pursuing a clearly defined prevention strategy to reduce the frequency of accidents. Here the focal points have been condensed into seven success factors ranging from the responsibility of management and staff through to identifying hazards, using safer technology, and training the workforce. In 2017 PORR managed to reduce its accident statistics by around 30%. PORR's medium term goal is to reduce its LTIFR (Lost Time Injury Frequency Rate) to less than 10 accidents per million working hours by 2020.

Forecast Report

PORR remained true to its strategy once again in 2017 and laid extensive crucial foundations for the future. The strategy of intelligent growth has developed into a PORR success factor in recent years and will continue to be implemented consistently. In addition to a commitment to the core competency of construction, PORR understands this to mean focusing on the markets that are classified as home markets. The majority of the production output is generated in Austria, Germany, Switzerland, Poland and the Czech Republic. This is complemented by large-scale, high-margin projects in the project markets, predominantly in the infrastructure sector.

In terms of the operating business, this strategy is reflected in the growth in production output, both organic as well as driven by the recent corporate acquisitions. Activities in Germany have been ideally expanded with the German specialist civil engineering firm Franki Grundbau, the special provider BBGS, and the permanent coverage of Heijmans Oevermann in the Greater Münster region. Through these acquisitions PORR has achieved its goal of developing the Central and North German infrastructure market with its own qualified staff.

In Austria the purchase of the Hinteregger Group represents an ideal complement to PORR. With its knowhow in the permanent civil engineering business and in special areas like tunnelling the Hinteregger Group is the ideal complement to the PORR business in Austria and for complex infrastructure projects. Additional larger-scale acquisitions are not currently in focus; however, potential opportunities to complement the Group's specialised knowhow or to strengthen certain regions will continue to be examined selectively.

In economic terms PORR is on a solid footing with an order backlog that comfortably exceeds a year's production output. EBT generated in 2017 of EUR 85.3m slipped back slightly against the previous year despite the increase in production output. The main factors behind this decrease – as already reported at the half-year mark – are weaker contributions to earnings in Germany and Qatar. Political turbulence in Qatar led to an increase in costs because of more complex logis-

tics and procurement processes, whereby all projects were progressing as planned. In Germany the rapid expansion to achieve complete coverage in building construction and the subsequent measures, as well as higher subcontractor costs, led to an overall cost increase.

In organisational terms, the year 2017 was dedicated to integrating the new Group subsidiaries. In addition to this, PORR focused on optimally positioning itself for the future. PORR established a Digital Unit and implemented a dedicated digitalisation programme in order to master the challenges of digitalisation. The goal is to anchor forward-looking issues within the company. These measures will be a focal point throughout the whole of 2018 and furthermore play a decisive role in shaping the sustainable, profitable growth of the coming years.

The stable economic backdrop and the good order situation at the moment allow the Executive Board to forecast an increase in output for the current business year 2018. On the basis of the record order backlog for the year 2018, the PORR Executive Board's guidance is an increase in production output to around EUR 5 bn, representing growth of around 5.5%. This forecast is, however, subject to a significant fluctuation range typical to the industry in light of the highly dynamic nature of the construction market.

Risk Report

The qualified approach to risks and opportunities has long been one of the PORR Group's most important principles when carrying out any economic activity and secures its competitive ability. Risks should also be targeted as opportunities where possible. The aim of risk management is to identify risks and then minimise them while still maintaining the company's earnings potential. The goal of risk management within the PORR Group lies in developing and implementing the required organisational processes which help to pinpoint risks early on as well as developing or implementing any appropriate measures to counter those risks. The following lists the most significant risks known to the PORR Group, which can have a lasting influence on the financial position, cash flows and financial performance of the Group.

Market risks

Market risks result from changes to economic environments and frameworks in the important PORR markets. Furthermore, disparities between national economies cause a variation in demand across the PORR Group's markets. PORR reacts to fluctuations in national markets and business segments and to the current budget restrictions in the public sector of many countries by concentrating on the home markets where margins are secure, namely Austria, Germany, Switzerland, Poland and the Czech Republic. On the project markets of Qatar, Great Britain, Slovakia, Romania and Norway and in future on the target markets of Sweden and Denmark, PORR only offers export products for selected projects in the fields of tunnelling, rail construction (Slab Track system) and specialised foundation engineering.

Project risks

These apply to all operating units of the PORR Group 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. 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 control measures are initiated, monitored by the risk managers as part of a regular process, and assessed with regard to results.

Staff risks

Successful management of risks related to human resources is crucial to the development of the PORR Group. 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 the PORR Group'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.

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 operational risks are hedged, 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 the PORR Group in terms of finance – liquidity risks, interest rate risks and currency risks – are described below in more detail.

Liquidity risks

The liquidity risk of PORR AG is defined as the risk that liabilities cannot be paid upon maturity.

At 31 December 2017 net debt, defined as the balance of cash and cash equivalents, bonds and current and non-current financial liabilities, amounted to EUR 372.0m (previous year: EUR 265.8m).

Current monetary assets exceeded current monetary liabilities by EUR 93.8m (previous year: EUR 51.6m). Even after offsetting current provisions totalling EUR 30.2m (previous year: EUR 28.8m), a surplus of EUR 63.6m remained (previous year: EUR 22.8m).

As of the reporting date, external current financial liabilities amounted to EUR 72.0m (previous year: EUR 0.7m). These contrasted with cash and cash equivalents of EUR 21.8m (previous year: EUR 60.9m).

Around 72.2% of external non-current financial liabilities of EUR 326.1m (previous year: EUR 330.3m) consist of bonds.

At 31 December 2017 there was EUR 224.0m available in bank lines for cash loans, which could be drawn on for the immediate refinancing of current financial liabilities.

The Group has access to European credit lines totalling EUR 2,683.5m (previous year: EUR 2,336.9m). Of these credit lines, EUR 976.1m (2016: EUR 961.0m) was concluded with a three-year term. The remainder of EUR 1,707.4m (previous year: EUR 1,375.9m) generally run for a one-year term. Furthermore, there are credit lines in several Arabic countries of EUR 599.5m (previous year: EUR 583.6m). As of 31 December 2017, around 60% (previous year: 49%) of the European credit lines had been drawn on and around 11% (previous year: 33%) of the lines in Arabic countries.

The three-year credit lines of EUR 976.1m (previous year: EUR 961.0m) include harmonised financial covenants. The majority of these relate to the ratio between net debt and EBITDA or to the equity ratio.

Interest rate risks

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 two interest rate swaps totalling TEUR 125,000 and three interest rate swaps with start dates in the future totalling TEUR 155,000. All derivative hedges are designated as cash-flow hedges. All interest rate swaps relate to swapping variable interest flows for fixed interest flows. As of 31 December 2017 the market value of the interest rate swaps had a fair value of TEUR -1,210.

Foreign currency risks

At 31 December 2017 PORR had concluded forward exchange contracts totalling EUR 59.6m (previous year: EUR 37.8m), all of which related to forward purchases and serve to hedge intragroup financing. At 31 December 2017 the market valuation of open forward exchange contracts resulted in a fair value of TEUR -531 (previous year: TEUR -387).

Supplier risks

The strategic decision to position the PORR Group as a full service provider means that PORR offers a comprehensive service portfolio. Capacity restrictions mean that some work must also be carried out by subcontractors. The risks connected with this concern quality, delivery times and expenses

and can lead to supply difficulties in times of increased demand. Partner management in the form of cooperation agreements with the supply industry and trade takes a long-term approach and contributes to minimising supply risks in subcontractor purchasing, whereby steel, cement, formwork and diesel are important commodities for the PORR Group. For these and other materials, there are lead buyers in place as product specialists, who are integrated in the tender process from the very beginning. Using an IT-supported purchasing platform allows the Group to monitor the amounts purchased and facilitates the purchase of larger volumes. The price risk of other key materials purchases can only be hedged through long-term price fixing in the form of frame agreements, owing to the lack of functioning derivative markets for these materials. The increasing challenges for the operational areas in recent years have been the price increases in the energy and commodities sectors. As long as it is not possible to transfer these costs to the customer, they may have a negative effect on the Group's financial performance. Building up stable, long-term relationships with suppliers and subcontractors is therefore seen as an urgent priority and enables the Group to minimise these risks by means of long-term frame agreements.

Credit risks

Specific to the industry, construction contracts require an advance payment 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 for infrastructure projects from government-related companies in Austria and Germany. 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 fundamental aim of the Group's capital management is to substantially increase equity and to keep debt low.

In 2017 there was an increase in Group equity from EUR 440.9m to EUR 597.0m. The equity ratio thereby increased from 18.7% to 20.7%. At 31 December 2017 the net cash position, defined as the balance of cash and cash equivalents, bonds and current and non-current financial liabilities, totalled EUR 147.4m (previous year: EUR 53.3m). The net gearing ratio, defined as net financial debt divided by equity, is applied for the control of capital management. The net gearing, which was negative in 2016 at -0.12, stood at 0.24 at 31 December 2017.

Internal control system

The PORR Group'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 Group audit department with internal auditing and the 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 the PORR Group. The internal control system in the PORR Group 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 the PORR Group 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 carry out an independent assessment of the effectiveness of the ICS with the aim of improving business processes. The PORR Group has a closed Compliance Management System that conforms to the ISO norm 19600 and was certified by Austrian Standards on 15 November 2017.

The internal audit of the PORR Group was most recently externally certified on 26 November 2013 by Taxand Austria according to 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 on direct 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. The aim of the PORR Group is to continue developing the internal control system and to keep it constantly updated to conform to changing frame conditions and new Group guidelines. In addition, PORR had its Compliance Management System audited and certified by Austrian Standards in accordance with ISO 19600 and also holds an Anti-bribery certificate in line with ISO 37001.

Disclosure acc. to Section 243a, Paragraph 1, Austrian Commercial Code

1. The share capital as at 31 December 2017 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, ordinary shares confer voting rights exercised according to the number of shares and participate 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 at 31 December 2017 the company directly and indirectly 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 clearing or deposit 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-Ortner 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 a Board Member. Resolutions passed by the syndicate oblige the syndicate members to exercise their voting rights. There is a reciprocal acquisition right.

3. The following shareholders have a direct or indirect holding in the capital of at least ten percent in the form of ordinary shares as at 31 December 2017:

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

The Strauss Group is made up of SuP Beteiligungs GmbH and AIM Industrieholding und Unternehmensbeteiligungen GmbH, both of which are 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-Ortner 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. 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 statutes, 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 his seat on the Supervisory Board effective immediately if the Supervisory Board Member steps down before the end of his 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 he takes 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 he has been chosen to represent. In line with Section 9 Paragraph 2 of the statutes, the AGM can determine a shorter period in office than legally stipulated for individual Supervisory Board Members or all of the Members it appoints. Should certain Members leave the Board before the end of their term in office, in line with Section 9 Paragraph 6 of the 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 statutes, the appointment of a Member of the Supervisory Board can be rescinded before the end of his 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 Annual General Meeting 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 representatives is required for resolutions. From the legal viewpoint of the Executive Board, this 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 statutes, to a simple capital majority (except in the case of changes to the business purpose).

7. As at 31 December 2017, the Executive Board is authorised until 23 August 2018, in accordance with Section 4 Paragraph 5 of the statutes, to increase the share capital of the company with the approval of the Supervisory Board, in multiple tranches if so wished, to EUR 6,612,500 by issuing up to 6,612,500 no-par value shares for cash or consideration in kind – in either case also in multiple tranches – (authorised capital), whereby the issue price, 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 pre-emptive rights of shareholders to these new shares issued from the authorised capital are excluded when and if this authorisation (authorised capital) is exercised by issuing new shares in exchange for cash or contribution in kind, up to a total of 10% of share capital, with over-allotment options in the course of issuing new shares in the company. Furthermore, the Executive Board is authorised, with the approval of the Supervisory Board, to exclude shareholders' pre-emptive rights, when and if this authorisation (authorised capital) is exercised:

- i) through issuing shares in exchange for contribution in kind, or
- ii) through issuing shares to staff members, leading employees and Members of the Executive Board of the Group or an associate up to a total level of 10% of share capital.

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

Effective as of 31 December 2017, a resolution was passed at the extraordinary general meeting of 24 May 2016 authorising the Executive Board to acquire treasury shares over a 30-month period from 24 May 2016, in line with Section 65 Paragraph 1 Line 8 and Paragraph 1 a and 1b Stock Corporation Act, up to the legally permitted amount of 10% of share capital including treasury shares already purchased. 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 the pro rata sales rights that can be attached to this type of purchase (reverse exclusion of pre-emptive rights). Furthermore, the Executive Board is authorised to determine the buyback conditions, whereby the Executive Board is obliged to publish the Executive Board resolution and the related buyback plan including its term, in line with legal stipulations. 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 extraordinary general meeting 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 on the stock exchange or public offering is excluded (exclusion of pre-emptive rights). On the basis of this authorisation, in 2016 the company issued 378,917 treasury shares, respectively around 1.3% of the share capital, as a scrip dividend in the course of the reinvestment by shareholders.

8. In 2013 the company issued a bond (debenture) of EUR 50,000,000 (for the period from 2013-2018). Furthermore, 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. Both the 2013 debentures and the 2014 senior bond incorporate the following agreement: if a change of control (as defined in the bond conditions) takes place, every bond creditor shall be entitled to accelerate maturity of their debentures and demand immediate repayment at the nominal value, including interest accrued up to the date of repayment. In 2017 an additional hybrid bond for EUR 125m was issued. 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 and partially extended until 2024 in 2016 and 2017. The Schuldscheindarlehen totalled EUR 200m as of 31 December 2017 following the increase. 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 295,000,000 (valid until 3 January 2020), EUR 180,000,000 (valid until 29 June 2019) and EUR 180,000,000 (valid until 27 September 2019), 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 67,400,000 (with a term to 30 June 2023) and EUR 55,000,000 (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 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 and EPS Absberggasse 47 Projektmanagement GmbH, a wholly owned subsidiary, hold ordinary shares in PORR AG. This results in the following stakes held in treasury shares:

PORR AG	No. of shares	Nominal value per share in EUR	Nominal value in EUR	% of share capital
Interest held on 31.12.2016	193,947	1.00	193,947	0.667%
Interest held on 31.12.2017	193,947	1.00	193,947	0.667%

EPS Absberggasse 47 Projektmanagement GmbH	No. of shares	Nominal value per share in EUR	Nominal value in EUR	% of share capital
Interest held on 31.12.2016	22,548	1.00	22,548	0.077%
Interest held on 31.12.2017	22,548	1.00	22,548	0.077%

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Balance Sheet

	31.12.2017 in EUR	31.12.2016 in EUR	31.12.2016 in TEUR
Assets			
A. Non-current assets			
I. Intangible assets			
Concessions, licences and similar rights		7,895,451.07	11,505
II. Property, plant and equipment			
1. Land, similar rights and buildings, including buildings on land owned by others	27,639,670.84		26,153
2. Technical equipment and machinery	422.00		0
3. Other plant, factory and business equipment	9,035,361.00		4,732
4. Assets under construction	7,318,022.32		2,156
		43,993,476.16	33,041
III. Financial assets			
1. Shares in associated companies	601,010,203.10		514,936
2. Investments	213,902.42		214
3. Loans to companies in which an interest is held	8,730,843.72		8,685
4. Securities in current assets	8,690,082.29		8,690
5. Other loans	77,414,399.55		77,501
		696,059,431.08	610,026
		747,948,358.31	654,572
B. Current assets			
I. Inventories			
1. Raw materials and supplies	45,611.10		32
2. Uncompleted works	3,778,903.27		0
less prepayment received	-2,907,000.00		0
		917,514.37	32
II. Receivables			
1. Trade receivables	1,109,174.93		1,783
of which with rem. term > 1 year: EUR 0.00; (p.y.: TEUR 0)			
2. Receivables from associated companies	324,356,895.56		137,559
of which with rem. term > 1 year: EUR 32,546,354.37; (p.y.: TEUR 26,753)			
3. Receivables from companies in which an interest is held	5,014,691.38		126
of which with rem. term > 1 year: EUR 3,636,413.25; (p.y.: TEUR 0)			
4. Receivables from consortiums	16,536.87		20
of which with rem. term > 1 year: EUR 0.00; (p.y.: TEUR 0)			
5. Other receivables	21,970,305.21		19,538
of which with rem. term > 1 year: EUR 1,291,072.06; (p.y.: TEUR 1,203)		352,467,603.95	159,026
III. Securities			
Other securities		4,255,292.20	4,274
IV. Cash and cash equivalents, cash at banks		21,819,865.23	60,939
		379,460,275.75	224,271
C. Accruals and deferrals			
Other		5,079,266.26	3,386
D. Deferred tax assets		0.00	163
Total assets		1,132,487,900.32	882,392

	31.12.2017 in EUR	31.12.2017 in EUR	31.12.2016 in TEUR
Equity and Liabilities			
A. Equity			
I. Share capital			
Subscribed capital	29,095,000.00		29,095
Nominal value of treasury shares	-193,947.00		-194
Issued capital		28,901,053.00	28,901
II. Capital reserves			
Committed		192,764,041.98	192,764
III. Retained earnings			
1. Statutory reserve	457,838.86		458
2. Other (free) reserves	127,325,943.00		108,426
3. Reserve for treasury shares	193,947.00		194
		127,977,728.86	109,078
IV. Net earnings			
1. Profit carryforward from previous year	362,644.12		6,074
2. Profit for the year	31,683,787.26		26,080
		32,046,431.38	32,154
		381,689,255.22	362,897
B. Mezzanine capital		150,000,000.00	25,000
C. Provisions			
1. Severance provisions	7,895,387.00		7,951
2. Pension provisions	10,409,171.00		11,678
3. Tax provisions	22,832,374.00		20,975
4. Other provisions	8,236,906.98		8,691
		49,373,838.98	49,295
D. Liabilities			
of which with rem. term ≤ 1 year: EUR 221,512,369.33; (p.y.: TEUR 113,238)			
of which with rem. term > 1 year: EUR 329,746,868.04; (p.y.: TEUR 331,785)			
1. Bonds	306,262,000.00		306,262
of which with rem. term ≤ 1 year: EUR 71,000,000.00; (p.y.: TEUR 0)			
of which with rem. term > 1 year: EUR 235,262,000.00; (p.y.: TEUR 306,262)			
2. Deposits from banks	89,707,539.98		22,028
of which with rem. term ≤ 1 year: EUR 360,153.94; (p.y.: TEUR 91)			
of which with rem. term > 1 year: EUR 89,347,386.04; (p.y.: TEUR 21,937)			
3. Trade payables	13,156,127.87		10,348
of which with rem. term ≤ 1 year: EUR 12,843,972.96; (p.y.: TEUR 9,576)			
of which with rem. term > 1 year: EUR 312,154.91; (p.y.: TEUR 772)			
4. Liabilities to associated companies	81,666,657.47		59,652
of which with rem. term ≤ 1 year: EUR 81,666,657.47; (p.y.: TEUR 59,652)			
of which with rem. term > 1 year: EUR 0.00; (p.y.: TEUR 0)			
5. Liabilities to companies in which an interest is held	23,804.68		24
of which with rem. term ≤ 1 year: EUR 23,804.68; (p.y.: TEUR 24)			
of which with rem. term > 1 year: EUR 0.00; (p.y.: TEUR 0)			
6. Other liabilities	60,443,107.37		46,709
of which taxes EUR 43,264,791.15; (p.y.: TEUR 39,436)		551,259,237.37	445,023
of which social security EUR 646,023.50; (p.y.: TEUR 575)			
of which with rem. term ≤ 1 year: EUR 55,617,780.28; (p.y.: TEUR 43,895)			
of which with rem. term > 1 year: EUR 4,825,327.09; (p.y.: TEUR 2,814)			
E. Accruals and deferrals			
Other		165,568.75	177
Total equity and liabilities		1,132,487,900.32	882,392

Income Statement

	31.12.2017 in EUR	31.12.2017 in EUR	31.12.2016 in TEUR
1. Revenue		124,838,528.89	121,658
2. Change in portfolio of non-deductible services		3,778,903.27	0
3. Other own work capitalised		0.00	2
4. Other operating income			
a) Income from the disposal of non-current assets	48,409.03		1
b) Income from the release of provisions	32,736.00		0
c) Other	705,918.20		890
		787,063.23	891
5. Cost of materials and other related production services			
a) Material expenditure	-709,695.69		-644
b) Expenditure on purchased services	-10,426,693.57		-7,875
		-11,136,389.26	-8,519
6. Staff expense			
a) Wages and salaries			
aa) Wages	-226,370.05		-404
bb) Salaries	-28,911,268.49		-27,404
		-29,137,638.54	-27,808
b) Social welfare expenses			
of which for pension plans EUR -376,103.60; (p.y.: TEUR 569)			
aa) Expenses for severance pay and employee provision funds	-2,213,935.59		-1,134
bb) Expenses for statutory social welfare and payroll related taxes and statutory contributions	-6,434,605.40		-6,042
cc) Expenses for pension plans	376,103.60		-569
dd) Other social welfare expenses	-228,934.44		-189
		-8,501,371.83	-7,934
		-37,639,010.37	-35,742
7. Depreciation, amortisation and impairment		-10,187,470.69	-8,113
8. Other operating expenses			
a) Taxes that are not classified as income taxes	-6,510.48		-13
b) Other	-57,914,197.55		-54,156
		-57,920,708.03	-54,169
9. Interim total line 1 to line 8		12,520,917.04	16,008

	31.12.2017 in EUR	31.12.2016 in TEUR
9. Interim total line 1 to line 8	12,520,917.04	16,008
10. Income from investments	46,921,068.44	31,793
of which from associated companies EUR 46,651,639.42; (p.y.: TEUR 31,686)		
11. Income from other securities and loans in financial assets	5,077,882.53	5,108
12. Other interest and similar income	9,543,802.61	6,387
of which from associated companies EUR 8,801,280.56; (p.y.: TEUR 5,234)		
13. Income from the disposal of and additions to financial assets		
Securities in current assets	1,685.46	390
14. Expenses from financial assets and securities in current assets	-2,206,408.32	-4,063
of which		
a) Depreciation and impairment EUR 119,044.80; (p.y.: TEUR 105)		
b) Expenses from associated companies EUR 2,087,363.52; (p.y.: TEUR 3,635)		
15. Interest and similar expenses	-19,528,687.00	-16,406
of which related to associated companies EUR 711,088.47; (p.y.: TEUR 749)		
16. Interim total line 10 to line 15	39,809,343.72	23,209
17. Earnings before taxes (interim total lines 9 and 16)	52,330,260.76	39,217
18. Income taxes	-1,746,473.50	-3,538
19. Profit for the period	50,583,787.26	35,679
20. Allocation to retained earnings	-18,900,000.00	-9,600
21. Profit carryforward from previous year	362,644.12	6,074
23. Net earnings	32,046,431.38	32,153

Schedule of Fixed Assets

in EUR	Acquisition and manufacturing cost					Balance at 31.12.2017
	Balance at 1.1.2017	Additions	(of which) Interest	Reclassifica- tions	Disposals	
I. Intangible Assets						
Concessions, licences and similar rights	37,097,105.07	701,873.20	0.00	15,547.50	0.00	37,814,525.77
	37,097,105.07	701,873.20	0.00	15,547.50	0.00	37,814,525.77
II. Property, Plant and Equipment						
1. Land, similar rights and buildings, including buildings on land owned by others	34,563,351.49	2,838,153.82	0.00	44,425.30	-0.52	37,445,930.09
2. Technical equipment and machinery	2,055.83	443.45	0.00	0.00	0.00	2,499.28
3. Other plant, factory and business equipment	17,821,149.83	8,095,085.54	0.00	0.00	-998,881.32	24,917,354.05
4. Assets under construction	2,155,790.81	5,222,204.31	0.00	-59,972.80	0.00	7,318,022.32
5. Low-value items	0.00	675,552.88	0.00	0.00	-675,552.88	0.00
	54,542,347.96	16,831,440.00	0.00	-15,547.50	-1,674,434.72	69,683,805.74
	91,639,453.03	17,533,313.20	0.00	0.00	-1,674,434.72	107,498,331.51
III. Financial Assets						
1. Shares in associated companies	527,050,755.62	86,074,200.00	0.00	0.00	-5,412,545.46	607,712,410.16
2. Investments	628,742.49	0.00	0.00	0.00	0.00	628,742.49
3. Loans to companies in which an interest is held	8,684,436.66	46,407.06	46,407.06	0.00	0.00	8,730,843.72
4. Securities in current assets	8,690,082.29	0.00	0.00	0.00	0.00	8,690,082.29
5. Other loans	77,501,441.41	669.08	669.08	0.00	-87,710.94	77,414,399.55
	622,555,458.47	86,121,276.14	47,076.14	0.00	-5,500,256.40	703,176,478.21
	714,194,911.50	103,654,589.34	47,076.14	0.00	-7,174,691.12	810,674,809.72

Accumulated depreciation, amortisation and impairment						Carrying amounts	
Balance at 1.1.2017	Additions	Reversal of impairment	Reclassifica- tions	Disposals	Balance at 31.12.2016	Carrying amounts 31.12.2017	Carrying amounts 31.12.2016
-25,592,310.00	-4,326,764.70	0.00	0.00	0.00	-29,919,074.70	7,895,451.07	11,504,795.07
-25,592,310.00	-4,326,764.70	0.00	0.00	0.00	-29,919,074.70	7,895,451.07	11,504,795.07
-8,409,931.13	-1,396,328.12	0.00	0.00	0.00	-9,806,259.25	27,639,670.84	26,153,420.36
-2,055.83	-21.45	0.00	0.00	0.00	-2,077.28	422.00	0.00
-13,089,156.83	-3,788,803.54	0.00	0.00	995,967.32	-15,881,993.05	9,035,361.00	4,731,993.00
0.00	0.00	0.00	0.00	0.00	0.00	7,318,022.32	2,155,790.81
0.00	-675,552.88	0.00	0.00	675,552.88	0.00	0.00	0.00
-21,501,143.79	-5,860,705.99	0.00	0.00	1,671,520.20	-25,690,329.58	43,993,476.16	33,041,204.17
-47,093,453.79	-10,187,470.69	0.00	0.00	1,671,520.20	-55,609,404.28	51,888,927.23	44,545,999.24
-12,114,751.52	0.00	0.00	0.00	5,412,544.46	-6,702,207.06	601,010,203.10	514,936,004.10
-414,840.07	0.00	0.00	0.00	0.00	-414,840.07	213,902.42	213,902.42
0.00	0.00	0.00	0.00	0.00	0.00	8,730,843.72	8,684,436.66
0.00	0.00	0.00	0.00	0.00	0.00	8,690,082.29	8,690,082.29
0.00	0.00	0.00	0.00	0.00	0.00	77,414,399.55	77,501,441.41
-12,529,591.59	0.00	0.00	0.00	5,412,544.46	-7,117,047.13	696,059,431.08	610,025,866.88
-59,623,045.38	-10,187,470.69	0.00	0.00	7,084,064.66	-62,726,451.41	747,948,358.31	654,571,866.12

Notes

I. General

PORR AG has its domicile in Vienna and is registered with the commercial court of Vienna under reference number FN 34853 f.

The 2017 financial statements have been prepared with due consideration of generally accepted accounting principles and standard practice to provide a true and fair view of the company's assets, liabilities, financial position and profit or loss (General clause Section 236 Austrian Commercial Code (UGB)). The total cost method has been applied in the income statement.

The accounting and measurement methods used were applied under the assumption that company will continue as a going concern.

Pursuant to Section 245a UGB, the company has produced consolidated financial statements in accordance with IFRSs as a listed parent company. These can be viewed at Vienna 10, Absberggasse 47, and at the Commercial Register in Vienna.

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

II. Accounting and Measurement Methods

The provisions of the UGB have been applied to the accounting, measurement and presentation of the individual items in the annual financial statements. The expansion option/provision pursuant to Section 223 Paragraph 4 UGB has been applied.

Historical exchange rates have been used for the measurement of amounts in foreign currencies. However, if the closing rate as of the reporting date was lower for receivables in a foreign currency or higher for liabilities in a foreign currency than the historical exchange rates, the amounts in foreign currency have been recalculated at the closing rate as of the reporting date.

1. Non-current assets

Intangible assets are capitalised at acquisition cost and amortisation is recognised on a straight-line basis over the probable useful life. The following rates of amortisation are thereby applied:

Software	10 to 50%
Licences and patents	2.5%

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

Residential and administrative buildings	2 to 20%
Technical plants and machinery	9.1 to 25%
Other plants, factory and business equipment	1.01 to 50%

Since 2012 the probable useful of life of machinery and plants, as well as factory and business equipment is generally determined as one-and-a-half times the value pursuant to the "Austrian list of construction equipment" issued by the Association of Industrial Construction Enterprises in Austria (VIBÖ).

Financial assets are generally valued at acquisition cost, although if a lower value has been determined, then this value is applied.

Low-value items (Section 204 UGB) are written off in full in the year they are acquired. Impairment is applied when permanent impairment occurs. Should the reasons for applying impairment in the previous years no longer hold true, a reversal of impairment is applied up to the value of the amortised cost. In the 2017 business year non-scheduled impairment of TEUR 467 was applied.

2. Current assets

Inventories

Raw materials and supplies are valued at acquisition cost derived from the purchase price.

Receivables

Receivables are recognised in accordance with the strict lower of cost or market principles. Should there be risks relating to the collectability of the receivables, allowances for impairment are formed.

3. Group taxation and deferred taxes

Deferred taxes also contain deferred tax assets and liabilities resulting from the difference in time between the taxable profit and the profit for the period under Austrian GAAP of the subsidiary with which a profit-and-loss transfer agreement exists.

In accordance with AFRAC 30 RZ 65, for accounting and reporting in financial statements under Austrian GAAP in relation to Group taxation, in particular the Group parent shall recognise a provision in accordance with Section 198 Paragraph 8 UGB in conjunction with Section 211 for the foreign tax losses applicable under tax law in the individual financial statements, as these losses could turn into gains in the following years and the Group parent is fundamentally unable to prevent this.

While it may be true in individual cases that these losses will turn into gains in the following years, with regard to every foreign Group member it is basically in the hands of the Group parent PORR AG to influence the start of the turnaround effect in the coming years and so no provisions for deferred taxes shall be recognised for foreign Group members in accordance with Section 198 Paragraph 8 UGB.

The transfer of the shares in TEERAG-ASDAG Aktiengesellschaft into ABAP Beteiligungs Holding GmbH (now PORR Construction Holding GmbH) in the business year 2007 led to an increase in the fair value recognised in profit or loss in the 2007 financial statements of the investment in ABAP Beteiligungsholding GmbH (now PORR Construction Holding GmbH), while for tax purposes the carrying amount plus the carrying amount of the transferred shares in TEERAG-ASDAG Aktiengesellschaft was recognised.

A deferred tax provision from the difference of TEUR 64,693 was not recognised, as the value gain would only be realisable for tax purposes and thereby liable for tax in the case of the sale of the investment in ABAP Beteiligungs Holding GmbH (now PORR Construction Holding GmbH) and a sale is not planned. The difference thereby represents a quasi-permanent difference, for which no tax provision has to be recognised in accordance with Section 198 Paragraph 10 (3).

4. Provisions

The **provisions for severance pay** were determined by an actuarial assessment in accordance with IAS 19 on the basis of an interest rate for accounting purposes of 1.9% (previous year: 1.65%) p.a. and expected salary increases of 2.1% (previous year: 2.5%) p.a. as well as the earliest possible retirement age pursuant to ASVG (pension reform 2004). Actuarial gains or losses are recognised in full in the year in which they occurred. The life table AVÖ 2008-P (salaried employees) is used for calculating provisions. When determining provisions for severance payments and anniversary bonuses, deductions are made for fluctuations based on statistical data within a range of 0.04% to 10.5% (previous year: 0.04% to 10.5%). Service costs are distributed over the entire period of service.

The **provisions for pensions** were also determined by an actuarial assessment in accordance with IAS 19, whereby the same basic data as for severance provisions was applied. Actuarial gains or losses are recognised in full in the year in which they occurred.

Other provisions are recognised for all recognisable risks and impending losses.

Other provisions are recognised in an amount judged to be commercially sensible. Provisions with a remaining term of more than one year are subject to discounting at the common market interest rate of 1.9%. In the year under review discounting of TEUR 7 (previous year: TEUR 4) was applied.

5. Liabilities

Liabilities are recognised at their nominal value or the amount to be repaid, if higher.

III. Notes to the Balance Sheet

1. Non-current assets

The composition and development of the fixed assets is shown the section Schedule of Fixed Assets to the notes (p. 16–17).

Item II.1 contains:

in TEUR	2017	2016
Basic values	11,189	11,189

The following liabilities relate to long-term rental and lease agreements for the use of property, plant and equipment not recognised in the balance sheet:

in TEUR	2017	2016
For the following year	6,196	6,063
For the next five years	30,880	29,466

A breakdown of the data required by Section 238 Paragraph 1 (4) UGB in relation to the shares held in associated companies and other investments is given in the section Investments to the notes (p. 30–31).

The additions to investments primarily relate to a subsidy to PORR Deutschland GmbH to strengthen equity. This subsidy is recognised under acquisitions costs for the equity interests PORR Construction Holding GmbH and PORR Bauindustrie GmbH, as both of these subsidiaries are at the uppermost level in the hierarchy given the multi-level ownership structure of PORR Deutschland GmbH.

The loans mainly relate to granting a perpetual mezzanine loan of TEUR 100,000 and perpetual hybrid capital of TEUR 25,330 to PIAG Immobilien AG, which were granted in the course of the spin-off of the real estate business. With the merger of PIAG Immobilien AG as the transferring company and UBM Development AG as the absorbing company, these loans were transferred to UBM Development AG by way of legal succession. PORR AG is not entitled to cancel either of these instruments. The borrower of the loan and the hybrid capital is entitled to cancel the mezzanine loan or hybrid capital at any time, whereby it exercised this option on 30 December 2015 in the amount of TEUR 50,000 for the mezzanine loan. Respectively, interest payments depend on whether UBM Development AG resolves to pay out a dividend from the annual surplus. If there is no payout of dividends from the annual surplus in a given year to the shareholders of UBM Development AG, then UBM Development AG is also not obliged to pay any interest in this year, whereby the unpaid interest is not cancelled but remains due.

Additional disclosures on **financial assets**:

in TEUR	2017	2016
Other loans	77,414	77,501
Of which with a remaining term of up to one year	50,094	87
Securities	8,690	8,690

2. Current assets

Receivables

Trade receivables of TEUR 17,000 (previous year: TEUR 14,012) are recognised in **receivables from associated companies** as are trade payables of TEUR 2,149 (previous year: TEUR 153).

Receivables from companies in which an interest is held contain trade receivables of TEUR 120 (previous year: TEUR 138) and trade payables of TEUR 0 (previous year: TEUR 17).

Other receivables include proceeds of TEUR 5,023 (previous year: TEUR 4,969) which will only have an impact on cash after the closing date.

Other securities

Other securities primarily consist of the company's own bonds.

3. Accruals and deferrals

Accruals and deferrals under assets mainly relate to upfront payments for guarantee commissions, rental costs and maintenance expenses for software.

4. Equity

Share capital	No.	Value in EUR
Ordinary bearer shares	29,095,000	29,095,000

The shares are no-par bearer shares, each of which participates in the share capital to the same extent. Every bearer share has a pro-rata interest of around EUR 1.00.

Authorised capital

In the extraordinary general meeting on 11 July 2013, the Executive Board was authorised to increase the share capital of the company, within a five-year period starting on 23 August 2013, in multiple tranches if so wished, to EUR 6,612,500 by issuing up to 6,612,500 no-par value shares in exchange for cash or contribution in kind (authorised capital), whereby the issue price, the conditions of issue, the subscription ratio, and other details are to be determined with the approval of the Supervisory Board. The pre-emptive rights of shareholders to these new shares issued from the authorised capital are excluded when and if this authorisation (authorised capital) is exercised by issuing new shares in exchange for contribution in kind, up to a total of 10% of share capital, with overallotment options in the course of issuing new shares in the company.

Furthermore, the Executive Board is authorised, with the approval of the Supervisory Board, to exclude shareholders' pre-emptive rights, when and if this authorisation (authorised capital) is exercised:

- i. through issuing shares in exchange for contribution in kind, or
- ii. through issuing shares to staff members, leading employees and members of the Executive Board of the Group or an associate up to a total level of 10% of share capital.

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

Treasury shares

PORR AG holds 193,947 no-par bearer shares, corresponding to around 0.667% of the share capital. In accordance with Section 229 Paragraph 1a UGB, the nominal amount is reported separately from the share capital and recognised as a special reserve in the same amount.

Furthermore, EPS Absberggasse 47 Projektmanagement GmbH, a wholly owned subsidiary, holds ordinary shares in PORR AG. This results in the following stake held in treasury shares:

PORR AG	No. of shares	Nominal value per share in EUR	Nominal value in EUR	% of share capital
Interest held on 31.12.2016	193,947	1.00	193,947	0.667%
Interest held on 31.12.2017	193,947	1.00	193,947	0.667%

EPS Absberggasse 47 Projektmanagement GmbH	No. of shares	Nominal value per share in EUR	Nominal value in EUR	% of share capital
Interest held on 31.12.2016	22,548	1.00	22,548	0.077%
Interest held on 31.12.2017	22,548	1.00	22,548	0.077%

Mezzanine capital

This involves perpetual hybrid bonds with a total nominal value of EUR 25m and EUR 125m.

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 on the mezzanine and hybrid capital permanently, this mezzanine and hybrid capital is recognised in the balance sheet as a separate item.

The hybrid bonds constitute direct, non-secured and subordinated liabilities that are primarily part of equity and are ranked at the same level among themselves and as comparable securities and are subordinate to every other existing or future liability, whether subordinated or not, which expressly take precedence over liabilities from the hybrid bond.

The partial debentures of the hybrid bonds were issued with a total nominal value of EUR 25m, a denomination of EUR 500.00 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.).

On 6 February 2017, PORR AG issued another subordinated bond in the form of a hybrid bond with a total nominal amount of EUR 125m and a denomination of EUR 1,000.00 that may only be transferred in minimum total nominal amounts of EUR 100,000.00 and in multiples of EUR 1,000.00 over this minimum. The new bond has an unlimited term, whereby the issuer has the right to redeem the bond prematurely after five years; it is subject to fixed interest of 5.500% p.a. until 6 February 2022 and subject to variable interest as of 7 February 2022 (5-years IS-DAFIX2 swap rate plus a margin of 5.312% p.a.).

No remuneration was in arrears as at 31 December 2017.

5. Provisions

in TEUR	2017	2016
Severance	7,896	7,951
Pensions	10,409	11,678
Taxes	22,832	20,975
Other		
Buildings	1,753	1,576
Staff	5,928	6,724
Miscellaneous	556	391
Total	49,374	49,295

Provisions for severance pay were only formed for salaried employees, as waged workers are governed by the Construction Workers' Leave and Severance Pay Act 1987 and thereby have no claim against the company with regard to severance pay.

There is pension plan reinsurance to cover pension provisions with insurance cover in the amount of EUR 5,941,251.53 at 31 December 2017 (previous year: TEUR 6,095). All of the rights and claims from these agreements are pledged in full in favour of those with pension entitlements.

Tax provisions relate exclusively to corporation tax.

The **provisions from construction accounting** relate to provisions for missing purchase invoices and for warranty claims.

Staff provisions exist for untaken holidays, bonuses, anniversary bonuses, redundancy and other obligations in the personnel sector.

Miscellaneous provisions primarily consist of provisions for audits and remuneration for Supervisory Board members.

6. Liabilities

Liabilities to associated companies result from ongoing cash clearing and from the assumption of earnings as well as from trade payables in the amount of TEUR 348 (previous year: TEUR 2), which are offset against trade receivables in the amount of TEUR 5,172 (previous year: TEUR 166).

Liabilities to companies in which an interest is held exclusively involve trade payables of TEUR 23 (previous year: TEUR 23).

Other liabilities include expenses of TEUR 12,423 (previous year: TEUR 4,514), which will only have an impact on cash after the end of the reporting period.

Breakdown of liabilities with a remaining term of more than five years:

in TEUR	2017	2016
Bonds	25,000	15,000
Deposits from banks	8,461	2,797
Other liabilities	2,235	445
Total	35,696	18,242

The company has liabilities secured by collateral of TEUR 2,087 (previous year: TEUR 2,652), which relate to the civil-law ownership of the lessor for the respective properties.

7. Guarantees

Guarantees are obligations taken on towards a third party and consisted of the following:

in TEUR	2017	2016
Loan guarantees	40,333	40,413
of which for associated companies	40,100	40,181
Other	74,337	83,185
of which for associated companies	74,337	83,185
Total	114,670	123,598

Other guarantees also include letters of comfort for the lease financing of subsidiaries.

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 2,683,520 (previous year: TEUR 2,336,869). Of these credit lines, TEUR 976,080 (previous year: TEUR 961,000) was concluded with a three-year term. The remainder of TEUR 1,707,441 (previous year: TEUR 1,375,869) generally run for a one-year term. Furthermore, there were credit lines in several Arabic countries of TEUR 599,534 (previous year: TEUR 583,647). As at 31 December 2017, around 60% (previous year: 49%) of the European credit lines had been drawn on and around 11% (previous year: 33%) of the lines in Arabic countries.

The three-year credit lines of TEUR 976,080 (previous year: TEUR 961,000) 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 2017. On the basis of the planned development, it is assumed that they will be met again on the next effective date, 31 December 2018.

In accordance with the agreements, credit lines that are drawn on are passed on to the subsidiaries.

IV. Notes on the Income Statement

1. Revenue and other operating income

The revenues generated are subdivided into the following business activities:

in TEUR	2017	2016
Construction services	1,056	15
Administration	85,925	74,961
Letting	10,650	10,536
Managing guarantees	15,190	13,113
Other services for subsidiaries	9,802	20,761
Miscellaneous	2,215	2,272
Total	124,838	121,658

The construction services included in revenues relate to the proceeds of the Hungarian motorway lot M6, while all other revenues were almost completely generated in Austria.

The miscellaneous operating income primarily consists of income from grants and exchange gains.

2. Staff expense

Expenses for severance pay include the formation of provisions for severance claims by employees as well severance paid out.

Expenditure on severance payments and pensions

in TEUR	2017	2016
Expenditure on severance pay	1,918	878
Contributions to staff provision fund for employees	296	256
Expenses for severance and contributions to staff provision fund	2,214	1,134
Expenditure on pension funds	-376	569
Expenditure on severance payments and pensions	1,838	1,703
This breaks down as follows:		
Executive Board remuneration and emoluments for former Board members	1,431	798
Management staff	-36	-51
Other employees	443	956
Total	1,838	1,703

3. Other operating expenses

Other operating expenses mainly comprise office running costs, insurance costs, commission on syndicated guaranteed loans and bank charges, travel expenses, legal, audit and consultancy services, advertising costs and expenses for buildings and land. TEUR 265 (previous year: TEUR 100) was set aside for the costs of the audit.

4. Net financial income/expenses

Income from investments includes income from profit-and-loss transfer agreements in the amount of EUR 46,146,706.44 (previous year: TEUR 31,686).

Expenses from financial assets include assumed losses of subsidiaries as the result of profit-and-loss transfer agreements in the amount of EUR 2,087,363.52 (previous year: TEUR 3,375).

5. Income taxes

Income taxes of TEUR 1,746 consist of Austrian and foreign corporation tax, the tax expense allocable to PORR AG as the Group parent in the course of Group taxation in accordance with Section 9 Austrian Corporation Tax Act (KStG), as well as deferred taxes.

The change in deferred taxes relating to the business year 2017 amounts to EUR -163,446.13. In accordance with Section 198 Paragraph 9 UGB, the option was exercised to apply deferred tax assets from tax loss carryforwards for future tax claims to the extent that sufficient deferred tax liabilities are available, as these can be offset against each other on the basis of positive forecasts. When calculating deferred taxes, the current Austrian Corporation Tax rate of 25% was applied and can be seen in section Deferred Taxes to the notes (p. 32).

The standalone method was applied for **tax allocation**:

If there is a **positive tax result** for a Group member, the tax levy is calculated in line with the corporation tax that the Group member would have had to pay if its tax result had not been allocated to the Group parent. If there is a **negative tax result** for a Group member, this loss is recorded and can be offset against later gains. Should a member **leave** the Group, the tax losses and/or the non-offsettable losses, which at the time of leaving the Group have not been offset against later gains pursuant to Section 2 Paragraph 2 Austrian Income Tax Act (EStG), are to be settled in the form of compensation by the next-highest Group member.

The expense from income taxes breaks down as follows:

in TEUR	2017	2016
Corporation tax	1,859	4,968
Tax allocations	-286	324
Foreign taxes	10	6
Deferred taxes	163	-1,760
Total	1,746	3,538

V. Disclosures on Financial Instruments

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 the Schuldscheindarlehen was increased by TEUR 14,500 to TEUR 200,000 and the tranches at variable interest rates were partially extended. Another change in tenors and interest rates took place in February 2017 on tranches subject to interest at variable rates.

The Schuldscheindarlehen thereby break down as follows:

in EUR	Nominal amount	Tenor	Interest	Interest rate
Tranche 1	21,000,000.00	12 August 2018	fixed	1.764%
Tranche 2	1,000,000.00	12 August 2019	fixed	1.15%
Tranche 3	30,000,000.00	12 August 2019	variable	6-month EURIBOR+1.15%
Tranche 4	11,000,000.00	12 August 2020	fixed	2.249%
Tranche 5	18,000,000.00	12 August 2020	variable	6-month EURIBOR+1.25%
Tranche 6	37,000,000.00	12 August 2021	fixed	1.55%
Tranche 7	27,000,000.00	12 August 2021	variable	6-month EURIBOR+1.55%
Tranche 8	30,000,000.00	14 February 2022	variable	6-month EURIBOR+1.55%
Tranche 9	5,000,000.00	14 August 2023	fixed	1.917%
Tranche 10	10,000,000.00	14 August 2023	variable	6-month EURIBOR+1.90%
Tranche 11	10,000,000.00	13 February 2024	variable	6-month EURIBOR+1.90%

All tranches subject to variable interest have been hedged using interest rate swaps (swapping variable rates for fixed rates), classified as a cash flow hedge.

At 31 December 2017 the fair value of the interest rate swaps was negative at EUR 1,209,965.39. A provision for the negative market value has not been formed in light of the hedge relationship, which is classified as 100% effective.

In the 2017 business year the company concluded exchange rate hedges in the form of forward contracts for the intragroup financing of subsidiaries in Switzerland, Great Britain and Qatar.

The fair value of all forward exchange contracts as of 31 December 2017 was negative at EUR 531,202.35.

Due date	CHF	GBP	QAR	Total
February 2018			24,647,098.36	24,647,098.36
May 2018	26,303,302.70			26,303,302.70
June 2018	4,724,115.91			4,724,115.91
December 2018		725,316.28		725,316.28
Total	31,027,418.61	725,316.28	24,647,098.36	56,399,833.25

A provision for the negative market value of a forward contract in QAR totalling EUR 594,924.64 has also not been formed in light of the hedge relationship, which is classified as 100% effective.

VI. Fees Paid to the Auditors

Please see the consolidated financial statements of PORR AG for details on the fees paid to the Group's auditors.

VII. Disclosure on Associated Companies

Profit-and-loss transfer agreements are in place with the following companies:

PORR Financial Services GmbH
PORR Equipment Services GmbH
Schotter- und Betonwerk Karl Schwarzl Betriebsgesellschaft m.b.H.
PORR Beteiligungen und Management GmbH
PORR Bauindustrie GmbH
PORR Construction Holding GmbH
PORR Risk Solutions GmbH

VIII. Other Disclosures

All of the company's transactions with related parties correspond to market conditions. There were no significant off-balance-sheet transactions as defined by Section 238 Paragraph 1 (10) UGB.

IX. Dividends

Based on the earnings for the business year 2017, the Executive Board will propose the payout of a dividend of EUR 1.10 per share to ordinary shareholders at the 138th Annual General Meeting to be held on 29 May 2018.

X. Events after the End of the Reporting Period

As of 3 April 2018, UBM Development AG paid back the mezzanine loan of TEUR 50,000 to PORR AG.

The Executive Board of PORR AG approved the consolidated financial statements and handed them over to the Supervisory Board on 18 April 2018.

XI. Disclosure on Staff and Executive Bodies

Average staffing level	2017	2016
Waged workers	3	6
Salaried employees	406	359
Total	409	365

Members of the Executive Board

Karl-Heinz Strauss
J. Johannes Wenkenbach
Andreas Sauer (from 1 February 2018)
Christian B. Maier (until 31 December 2017)

The table below shows the remuneration paid to members of the Executive Board of PORR AG broken down according to payment categories:

in TEUR	Salary	Variable bonus	Pension fund	2017
Executive Board remuneration				
Karl-Heinz Strauss	750	595	39	1,384
Christian B. Maier	500	675	40	1,215
J. Johannes Wenkenbach	500	425	40	965
Total	1,750	1,695	119	3,564
of which current benefits due	1,750	1,695	-	3,445
of which remuneration due after termination of employment	-	-	119	119
Benefits due as the result of termination of employment ¹	1,577	-	-	1,577

¹ Severance due for the termination of the Executive Board mandate of Christian B. Maier

in TEUR	Salary	Variable bonus	Pension fund	2016
Executive Board remuneration				
Karl-Heinz Strauss	750	700	-	1,450
Christian B. Maier	500	500	40	1,040
J. Johannes Wenkenbach	500	500	40	1,040
Total	1,750	1,700	80	3,530
of which current benefits due	1,750	1,700	-	3,450
of which remuneration due after termination of employment	-	-	80	80

Members of the Supervisory Board

Karl Pistotnik, Chairman
 Klaus Ortner, Deputy Chairman
 Michael Diederich
 Robert Grüneis
 Walter Knirsch
 Iris Ortner
 Bernhard Vanas
 Susanne Weiss
 Thomas Winischhofer

Remuneration (including meeting fees) for members of the Supervisory Board of EUR 198,250.00 (previous year: TEUR 200) was recognised in the income statement.

Members delegated by the Works Council

Peter Grandits
 Michael Kaincz
 Michael Tomitz
 Wolfgang Ringhofer (from 26 June 2017)
 Gottfried Hatzebichler (from 26 June 2017)
 Walter Jenny (until 26 June 2017)

18 April 2018, Vienna

The Executive Board

Karl-Heinz Strauss
 Andreas Sauer
 J. Johannes Wenkenbach

Investments

Company		Country code	Domicile	PORR share
Affiliated companies				
Affiliated companies limited by shares				
PORR Bauindustrie GmbH	*	AUT	Vienna	100.00%
Sabelo Beteiligungsverwaltungs GmbH		AUT	Vienna	100.00%
PORR Construction Holding GmbH	*	AUT	Vienna	100.00%
PORR Equipment Services GmbH	*	AUT	Vienna	100.00%
Schotter- und Betonwerk Karl Schwarzl Betriebsgesellschaft m.b.H.	*	AUT	Unterprenstätten	100.00%
PORR Financial Services GmbH	*	AUT	Vienna	100.00%
EPS Absberggasse 47 Projektmanagement GmbH		AUT	Vienna	100.00%
PORR Beteiligungen und Management GmbH		AUT	Vienna	100.00%
PORRrisk Solutions GmbH	*	AUT	Vienna	100.00%
Affiliated partnerships				
Wibeba Hochbau GmbH & Co. Nfg. KG		AUT	Vienna	100.00%
Associated companies				
Associated companies limited by shares				
RBA - Recycling- und Betonanlagen Ges.m.b.H. & Co. Nfg. KG		AUT	Zirl	31.58%
Other companies				
Other companies limited by shares				
Gaspix Beteiligungsverwaltungs GmbH		AUT	Zirl	31.58%
Zero Bypass (Holdings) Limited		GB	London	10.00%
BPV-Metro 4 Építési Közkereseti Társaság		HUN	Budapest	49.95%
BPV-METRO 4 NeKe Építési Közkereseti Társaság		HUN	Budapest	49.95%

* Company with profit-and-loss transfer agreement

Key:

F = Fully consolidated company

E = Company consolidated under the equity method

N = Non-consolidated company

Type of consolidation	Currency	Nominal capital	Equity/deficit not covered by equity	Annual profit/loss	Reporting date
F	EUR	36,336.42	214,151,552.48	9,338,235.68	31.12.2017
N	EUR	35,000.00	33,832.16	746.91	31.12.2017
F	EUR	35,000.00	298,734,067.01	10,450,491.78	31.12.2017
F	EUR	35,000.00	538,500.00	24,861,156.74	31.12.2017
F	EUR	3,633,641.71	16,379,481.42	-576,396.58	31.12.2017
F	EUR	500,000.00	505,000.00	1,496,822.24	31.12.2017
F	EUR	36,336.42	323,931.48	26,367.25	31.12.2017
F	EUR	35,000.00	20,071,169.60	-1,509,025.21	31.12.2017
F	EUR	35,000.00	35,000.00	-1,941.73	31.12.2017
F	EUR	35,000.00	1,661,481.12	400,048.83	31.12.2017
E	EUR	581,382.67	1,174,600.94	593,218.27	31.12.2017
N	EUR	35,000.00	26,379.08	1,556.60	31.12.2017
N	EUR	3,000.00	30,000.00	0.00	31.12.2017
N	HUF	10,000,000.00	7,926,000.00	-412,000.00	31.12.2017
N	HUF	10,000,000.00	9,880,000.00	-512,000.00	31.12.2017

Deferred Taxes

	Differences 2017			Differences 2016		
	Group members	PORR AG	Total	Group members	PORR AG	Total
Deferred tax assets						
Intangible assets	3,585,580.00	0.00	3,585,580.00	3,475,740.00	0.00	3,475,740.00
Property, plant and equipment	1,644,076.00	0.00	1,644,076.00	0.00	0.00	0.00
Financial assets	24,512,088.00	6,422,084.00	30,934,172.00	18,351,912.00	9,245,788.00	27,597,700.00
Non-current staff provisions	36,475,860.00	7,797,572.00	44,273,432.00	41,415,356.00	8,198,280.00	49,613,636.00
Non-current other provisions	4,551,452.00	5,908.00	4,557,360.00	8,220,784.00	4,160.00	8,224,944.00
Borrowing costs	4,668.00	909,288.00	913,956.00	0.00	1,422,824.00	1,422,824.00
Deferred tax liabilities						
Property, plant and equipment	0.00	0.00	0.00	-10,144.00	0.00	-10,144.00
Act. administrative and distribution costs	-89,293,376.00	0.00	-89,293,376.00	-83,896,452.00	0.00	-83,896,452.00
Untaxed reserves	0.00	-5,233,556.00	-5,233,556.00	0.00	-5,774,463.48	-5,774,463.48
Tax loss carryforwards		8,618,356.00	8,618,356.00		0.00	0.00
Total differences	-18,519,652.00	18,519,652.00	0.00	-12,442,804.00	13,096,588.52	653,784.52
Resultant deferred taxes						
25% tax rate	-4,629,913.00	4,629,913.00	0.00	-3,110,701.00	3,274,147.13	163,446.13

Auditor's Report

Report on the financial statements

Audit opinion

We have audited the financial statements of PORR AG, Vienna. These financial statements comprise the statement of financial position as of 31 December 2017, the income statement for the fiscal year then ended and the notes.

Based on our audit the accompanying 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 Company as of 31 December 2017 and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

Basis for opinion

We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). 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 financial statements of the fiscal year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- Valuation of investment

Valuation of investments

Situation and reference to further information

The carrying amount of the "shares in associated companies" as at 31 December 2017 is approx. EUR 601m. Based on the Company's balance sheet total, this corresponds to a share of more than 53%. The value of the shares in affiliated companies therefore has a significant impact on the company's assets and earnings situation.

The assessment of the value of the shares in affiliated companies is performed on the basis of the DCF method and requires significant assumptions and estimates. Therefore, the value of the shares in affiliated companies is subject to uncertainty. For the financial statements the risk of an overvaluation of shares in affiliated companies exists.

Audit response

In order to address the risk, we assessed the appropriateness of the future-oriented estimates and significant assumptions as well as the calculation methods used.

In doing so, we analysed the plausibility of the assumptions and essential value drivers set out in the underlying planning calculations, taking into account the general and sector-specific market expectations.

The appropriateness of the discount rate was tested by comparing the parameters that are decisive for the determination of the discount rate with market- and sector-specific benchmarks.

In addition, the steps in the calculation schedule were retraced and recalculated on a random sampling basis.

Reference to further information:

In addition to the presentation of the accounting and measurement methods in section II., section III.1. non-current assets, contains details and explanations of the shares in associated companies. The shares in associated companies as well as the carrying value of the equity and their net profit for the year are presented in a table in supplement 2 to the disclosure notes. Section IV. 4. contains information on the income and expenses from associated companies.

Responsibilities of management and of the audit committee for the financial statements

Management is responsible for the preparation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles, for them to present a true and fair view of the assets, the financial position and the financial performance of the Company and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 International 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 financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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 for the company

Pursuant to Austrian Generally Accepted Accounting Principles, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the management report was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the 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 management report.

Opinion

In our opinion, the management report for the Company was prepared in accordance with the valid legal requirements, comprising the details in accordance with Section 243a Austrian Company Code UGB and is consistent with the financial statements.

Statement

Based on the findings during the audit of the financial statements and due to the thus obtained understanding concerning the Company and its circumstances no material misstatements in the management report came to our attention.

Additional information in accordance with article 10 of the EU regulation

We were elected as auditor by the ordinary general meeting at 23 May 2017. We were appointed by the Supervisory Board on 21 June 2017. We are auditors without cease since 2002.

We confirm that the audit opinion in the section “Report on the 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 financial statements or in the management report.

Responsible austrian certified public accountant

The engagement partner on the audit resulting in this independent auditor’s report is Klemens Eiter, Certified Public Accountant.

Vienna, 19 April 2018

**BDO Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft**

Klemens Eiter
Certified Public Accountant

Gerhard Fremgen
Certified Public Accountant

This report is a translation of the original report in German, which is solely valid.

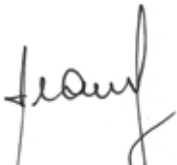
Publication or sharing with third parties of the financial statements together with our auditor's opinion is only allowed if the financial statements and the management report are identical with the German audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 par. 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.


Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements of the parent company give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and the management report presents the development and performance of the business and the position of the company in such a way that it gives a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and that the management report describes the significant risks and uncertainties which the company faces.

Vienna, April 2018



Karl-Heinz Strauss
Chief Executive Officer



Andreas Sauer
Executive Board Member



J. Johannes Wenkenbach
Executive Board Member

Appropriation of Earnings

The consolidated financial statements as of 31 December 2017 report net retained profits of EUR 32,046,431.38 for the business year 2017.

The Executive Board of PORR AG thereby proposes the following appropriation of retained profits reported in the consolidated financial statements as of 31 December 2017:

The payout of a dividend of EUR 1.10 (one euro and tent cents) per dividend-bearing share with the remaining balance to be carried forward to new account.

April 2018, Vienna



Karl-Heinz Strauss
Chief Executive Officer



Andreas Sauer
Executive Board Member



J. Johannes Wenkenbach
Executive Board Member

Acknowledgements

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The financial statements for 2017, 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 2017 may be downloaded from the website porr-group.com/reporting.

The contents of the annual report together with the individual financial statements constitute the annual financial report.

Disclaimer

Statements relating to the future in this report are based on estimates and assumptions which are 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 forecast values 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. All dates expressed in digits conform to European conventions of dd.mm.yyyy. Results preceded by the abbreviation TEUR are in euro thousand.

This report is a translation into English of the Annual Report 2016 published in the German language and is provided solely for the convenience of English-speaking users. The figures have been rounded off. In the event of a discrepancy or translation error, the German-language version prevails.



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