

150
YEARS

**. building . master .
g . master . pieces .
. pieces . building .**

Key Data

in EUR m	2018	Change	2017	2016	2015
Operating data					
Production output ¹	5,593	18.0%	4,738	3,925	3,524
Foreign share	58.3%	4.7 PP	53.6%	47.6%	46.9%
Order backlog	7,100	11.5%	6,367	4,804	4,579
Order intake	6,326	0.4%	6,301	4,150	4,045
Average staffing levels	19,014	7.3%	17,719	15,328	13,878

Income statement					
Revenue	4,959	15.5%	4,293	3,417	3,140
EBITDA	219.5	9.4%	200.7	187.3	165.9
EBIT	92.3	2.3%	90.2	100.1	87.8
EBT	88.1	3.3%	85.3	91.1	81.1
Profit	66.2	3.9%	63.7	66.8	61.0
Earnings per share (in EUR)	2.17	3.9%	2.09	2.23	2.02
Dividends per share (in EUR)	1.10 ²	-	1.10	1.10	1.00 ³

Statement of financial position					
Total assets	3,115	8.0%	2,885	2,362	2,304
Equity (incl. non-controlling interests)	618	3.6%	597	441	412
Equity ratio	19.9%	-0.8 PP	20.7%	18.7%	17.9%
Cash and cash equivalents	320	-10.9%	359	476	647
Net debt/net cash	-150	1.9%	-147	53	187

Cash flow and investments					
Cash flow from operating activities	186	>100.0%	-16	56	193
Cash flow from investing activities	-69	-67.3%	-210	-109	-21
Cash flow from financing activities	-155	<-100.0%	107	-116	9
CAPEX	177	1.7%	174	119	137
Depreciation/amortisation/impairment	127	15.1%	110	87	78

Key data regarding shares	2018	2017	2016	2015
Number of shares	29,095,000	29,095,000	29,095,000	29,095,000
Market capitalisation as of year-end (in EUR m)	507.4	810.0	1,132.4	813.2

¹ Production output corresponds to the output of all companies and consortiums (fully consolidated, equity method, proportionate or those of minor significance) based on the interest held by PORR AG.

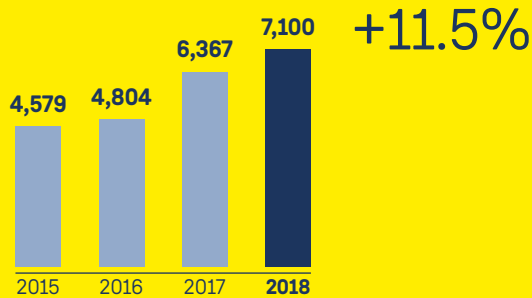
² Proposal to the AGM

³ Dividend of EUR 1.00 plus special dividend of EUR 0.50

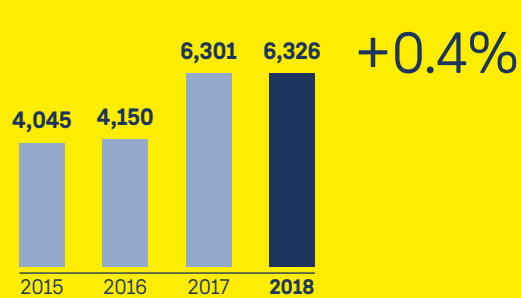
The figures have been rounded off using the compensated summation method. Absolute changes are calculated from the rounded values, relative changes (in percent) are derived from the non-rounded values.

Construction – that's PORR.
Intelligent growth – that's the focus.
Sustainable success – that's the goal.

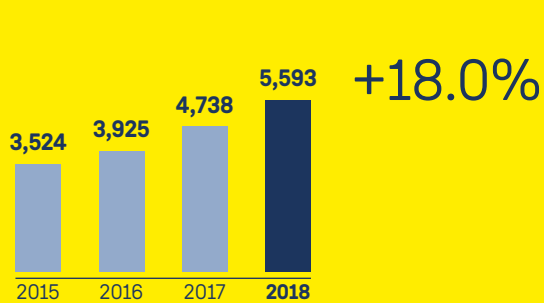
Order backlog
(in EUR m)



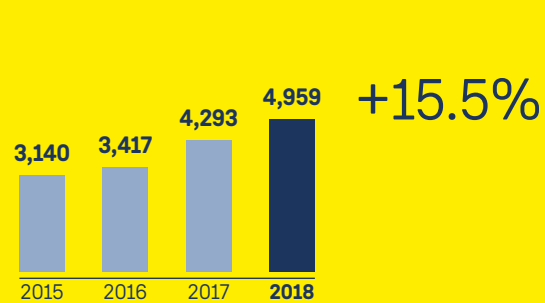
Order intake
(in EUR m)



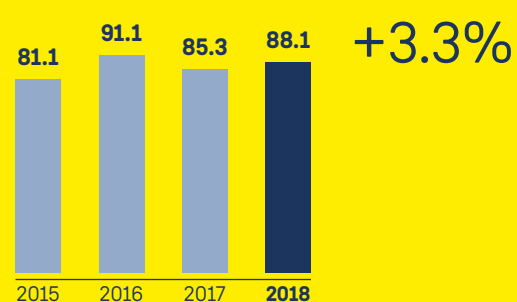
Production output
(in EUR m)



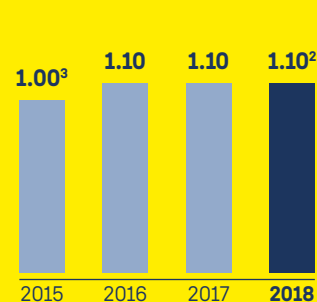
Revenue
(in EUR m)



EBT
(in EUR m)



Dividends per share
(in EUR)



20

18

18

69

building . master . pieces .

By generations. For generations.

Every story starts
with a single step.

Unique.

Construction is our past and our future. Technological expertise and entrepreneurial foresight have made PORR what it is today. We want to be ahead of our time. Our glance to the past is inevitably coupled with a look forward. We constantly challenge the limits of what is feasible. And the result? Unique building masterpieces that inspire. And have been doing so for 150 years.





master.pieces.

Manifold.

No two encounters with them are ever the same. Our large-scale projects have shaped entire eras. They are part of our lives. They shape worlds of homes and work for generations. They offer countless perspectives. These **master.pieces.** form a long bridge to the future.

master.pieces.

Grand buildings on Vienna's Ringstraße

PORR made a key contribution to Vienna's picturesque cityscape with the construction of Palais Ephrussi in 1873. Palais Hansen and Palais Eschenbach, completed in 1872, are also works by PORR. Architect and city planner Theophil Hansen influenced the shape of the city like almost no other. Even today, almost 150 years later, his splendid buildings enchant observers with their form and functionality.



Built to last

Emperor Franz Joseph laid the foundation stone for the Vienna Technical Museum in 1909. This building project was a milestone in the development of the recently founded construction company A. Porr Betonbau-Unternehmung. It used the reinforced concrete method developed by Arthur Porr. The size of this project alone put everything that had come before in the shade.



Housing on solid foundations

In the 1920s PORR secured the base for the Karl Marx Hof in Vienna with 8,000 foundation piles. The project stood as a model of modern housing construction. As the longest single residential building in the world (1.1km), around 3,000 people still call it home today. In 1911 Construction Director Ottokar Stern was awarded the patent for the express piles he had developed.



Stable steel skeleton for the "PORR House"

In 1930 PORR built its own office building in Vienna at Operngasse 11. Two years later, the "Zum Römertor" building in Rotenturmstraße was the first welded steel structure in Vienna to be built on a very narrow plot. With their uncompromising, strictly geometric facades, both buildings stand as a symbol of the city's new self-confidence.





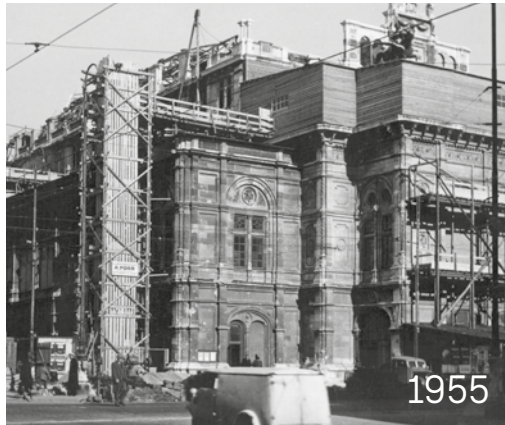
At dizzying heights

The construction of the Großglockner High Alpine Road is considered a pioneering project of the interwar years. It presented both man and machine with enormous challenges. Construction machinery had to be transported to heights of up to 2,600 metres and the route was blasted using explosives. 2,300 engineers and workers facilitated the celebratory opening in August 1935.



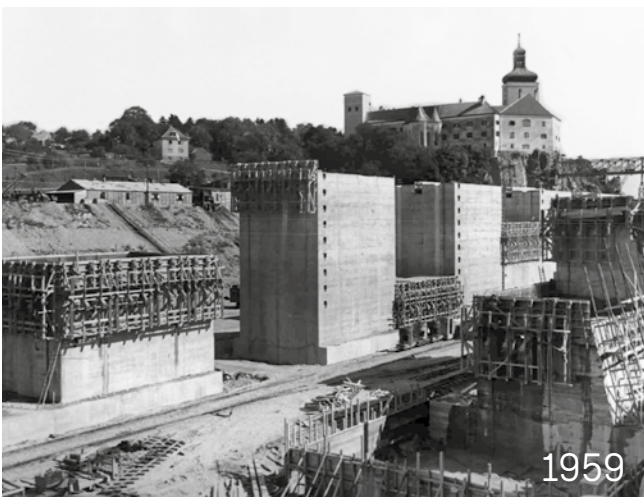
Above Vienna's rooftops

Even today the Ringturm catches the eye as a phenomenal PORR project. With its 21 storeys – a spectacular number at the time – it was Vienna's second-highest building after St. Stephen's Cathedral. The 93m-high Ringturm stood as a symbol of the reconstruction of the city and its opening in 1955 was greeted with astonishment and comparisons with the USA.



Successful reconstruction of the opera house

1869, the year in which PORR was founded, was also the year the Vienna State Opera was built. It was opened by Empress Elisabeth and Emperor Franz Joseph to great celebration. An aerial attack caused the building to go up in flames in 1945, leaving it almost completely destroyed except for the main facade and stairwell. PORR was entrusted with its restoration and modernisation, completed in 1955.



Spectacular excavation technology

The River Danube, Austria's lifeline, was turned into an energy supplier in the 1950s. This started with the Ybbs-Persenbeug power plant in 1959. To make the pits waterproof, sheet piles were driven into the riverbed over many weeks. Only then could the actual work begin. Its extensive expertise has led PORR to be involved in building all power plants on the Danube in Austria ever since.

master.pieces.

1960



Culture set in stone

With a width of 100m, the large Festspielhaus in Salzburg is one of the biggest concert halls in the world. Around 55,000m³ of rock had to be removed from the Mönchsberg mountain for this spectacular construction project in order to make way for the festival hall.

1971



New Austrian Tunnelling Method (NATM)

PORR's pioneering spirit was in demand on the construction of the Tauern Tunnel in 1971. The NATM was used on an impressive length of 6.4km. Never before had Austria seen a project of comparable dimensions. The NATM went on to experience international acclaim and revolutionise civil engineering across the globe.

1990



Bold glass construction

Haas Haus was named after its first builder Philipp Haas, a carpet salesman who needed a department store. The original building was destroyed during World War II and in 1990 the existing new build also had to make way for a daring glass structure with prominent bay windows.



A railway track system conquering the world

Demand for the revolutionary Slab Track Austria system – an elastically supported slab track developed together with the Austrian Railways (ÖBB) in the 1980s – is growing exponentially. The system has been the standard system on ballastless tracks in Austria since 1995 and is now in use internationally. In addition to “Stuttgart 21” and Lehrter Station in Berlin, the system is found on the entire metro network in Doha.



Creating connections

Vienna Central Station is one of the most cutting edge hubs for regional and international transport in Europe and a central junction on the trans-European rail network. This superlative construction project was realised from 2009 to 2015. Up to 700 people and more than 100 pieces of construction equipment were in use simultaneously on what is Austria’s largest infrastructure building site to date.



State-of-the-art design & construction with BIM & LEAN

On the office project BMW München Freimann, the predetermined milestones were met thanks to LEAN Design & Construction, which involved the developers and project partners and reduced the construction period by six months. The use of Building Information Modeling was not only standard practice internally, but specifically requested by the developer.



master.builders.

Passionate.

They number around 20,000, the hidden champions of PORR. They build with passion. Their knowledge, their ideas and their drive allow them to shape worlds. Yesterday, today and tomorrow. This is the basis of the corporate culture that unites us all. With this attitude our **master.builders.** are often ahead of their time. And that's just as it should be.

master. builders .

“Digitalisation has come on leaps and bounds in recent years. This has proved an exceptional tool on the BMW Freimann project in terms of communication with the developers. PORR is positioned as a trailblazer here in every respect.”

Katrin Pichler, Sectional Construction Manager BMW Freimann (DE)



“Successfully realising a construction project is only possible in a team. Together with PORR Design & Engineering and PORR Grundbau we were able to complete this new-build bridge on time and on schedule.”

Bernhard Jesner, Construction Manager New-Build Bridge A99 (DE)



“We are proud to realise this project as PORR pioneers in Great Britain. And we are thereby establishing critical connections for the British gas grid.”

Ferenc Lavicska, Mechanical Engineer Pipeline Tunnel Humber Crossing (GB)





“Teamwork is a crucial factor for us. Standing shoulder to shoulder with colleagues also enables us to realise the most demanding works.”

Philipp Hirzer, Construction Manager Track Construction Deutsche Bahn (DE)



“Knowledge transfer and exchanging experience are of incalculable value for efficient project execution. They will ensure customer satisfaction for another 150 years.”

Sanja Rimac-Kecman, Architect Campus Berresgasse (AT)

“The demolition of the old building also required great dexterity and zeal. Especially as the new building in the direct vicinity is already operational.”

Sophie Gunzl, Construction Manager LK Mödling (AT)



“As an apprentice, it is particularly encouraging to get recognition from your colleagues on the construction site. I’m especially benefiting from the positive atmosphere on the ground.”

Left: **Mark Huiber**, Civil Engineering Apprentice Seestadt Aspern (AT)

master. builders .

New worlds of work.
New perspectives.
New paths.





building.works.

Multifaceted.

We are basically the ultimate all-rounder when it comes to construction. Our work knows no bounds in terms of geography or expertise. Whether it's building construction, civil engineering, environmental technology, design & engineering, railway construction or tunnelling – we are the driving force from the concept through to the build. After all, we are just as multifaceted as our **building.works.**



building .works .

Living in clover

The residential complex in the Munich district of Au is being designed and built with LEAN. A tight schedule will see PORR build around 300 apartments by 2021.



More room for quality

In German Kahla, the production site of Griesson - de Beukelaer, PORR is building a new production facility. The existing production and logistics capacities of the biscuit manufacturer will thereby be expanded from the end of 2019.



Record-breaking tunnel

Set for completion in 2020, PORR is building Austria's longest railway tunnel in the form of lot 3 of the Koralm Tunnel in Deutschlandsberg measuring 32.9km. The variations in geology call for the use of complex construction methods.





Modern world of work

In Basel PORR is building a modern headquarters for the Baloise Group, one of Switzerland's largest insurance companies, to be ready in 2020. In addition, an educational centre will be housed in the basements of the three-part building ensemble.



Stadium of superlatives

The Al-Wakrah Stadium will host the FIFA World Cup in Qatar in 2022. Its architecture makes a striking impression and will offer space for around 40,000 passionate football fans. Completion is planned for 2019.



Live and work in the best location

PORR is realising the two office buildings at Europaallee in Zurich, which will blend into the new city quarter. Striking fronts mark its entrance. From 2019 Google will establish the largest research centre outside of the USA here.

Shiny new look for Parliament

As far back as 1945 Allgemeine Baugesellschaft - A. Porr AG was involved in the restoration of the Austrian Parliament. The more than 130-year-old, heritage-protected building is now undergoing a complete overhaul by 2021. An extension is also being added to the Parliament building in order to create more areas that are open to the public.

building .works .

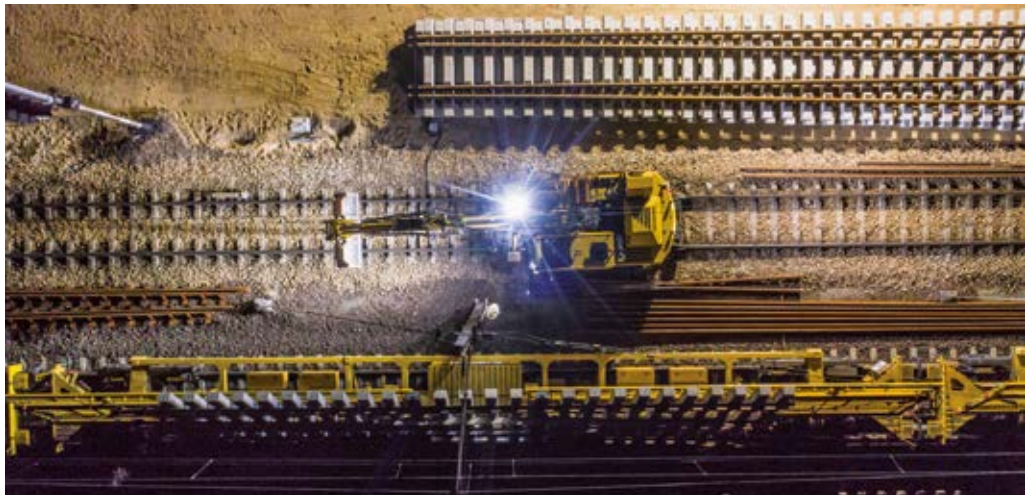
Norway is building on PORR expertise

The 654m-long Varodd Bridge goes over the Topdals Fjord and will be finished by 2020. The fjord overpass is being built between two existing bridge structures. The competencies and excellent reputation of PORR formed the basis for the tender award.



Arriving sooner with PORR

As part of the Polish construction project LK 4 Central Railway Line, PORR is realising four railway projects by the end of 2019 – including the conversion of transfer points and extensive track work. LK 4 links the Greater Warsaw area to the south of Poland.



From metropolis to metropolis

The technically demanding section Stuttgart-Ulm includes the Steinbühl Tunnel and the Boßler Tunnel. Completion is planned for 2019. As part of this significant infrastructure project, which will connect Paris to Budapest, the railway line should eliminate previous bottlenecks.





Central connections

In the Polish region of Masovia PORR is building a section of the S7, which will connect the major cities of Gdansk, Warsaw and Krakow. The topography calls for complex constructions and the application of innovative new technologies. The prevailing weather conditions, strong rain and stormy gusts demand maximum resilience.

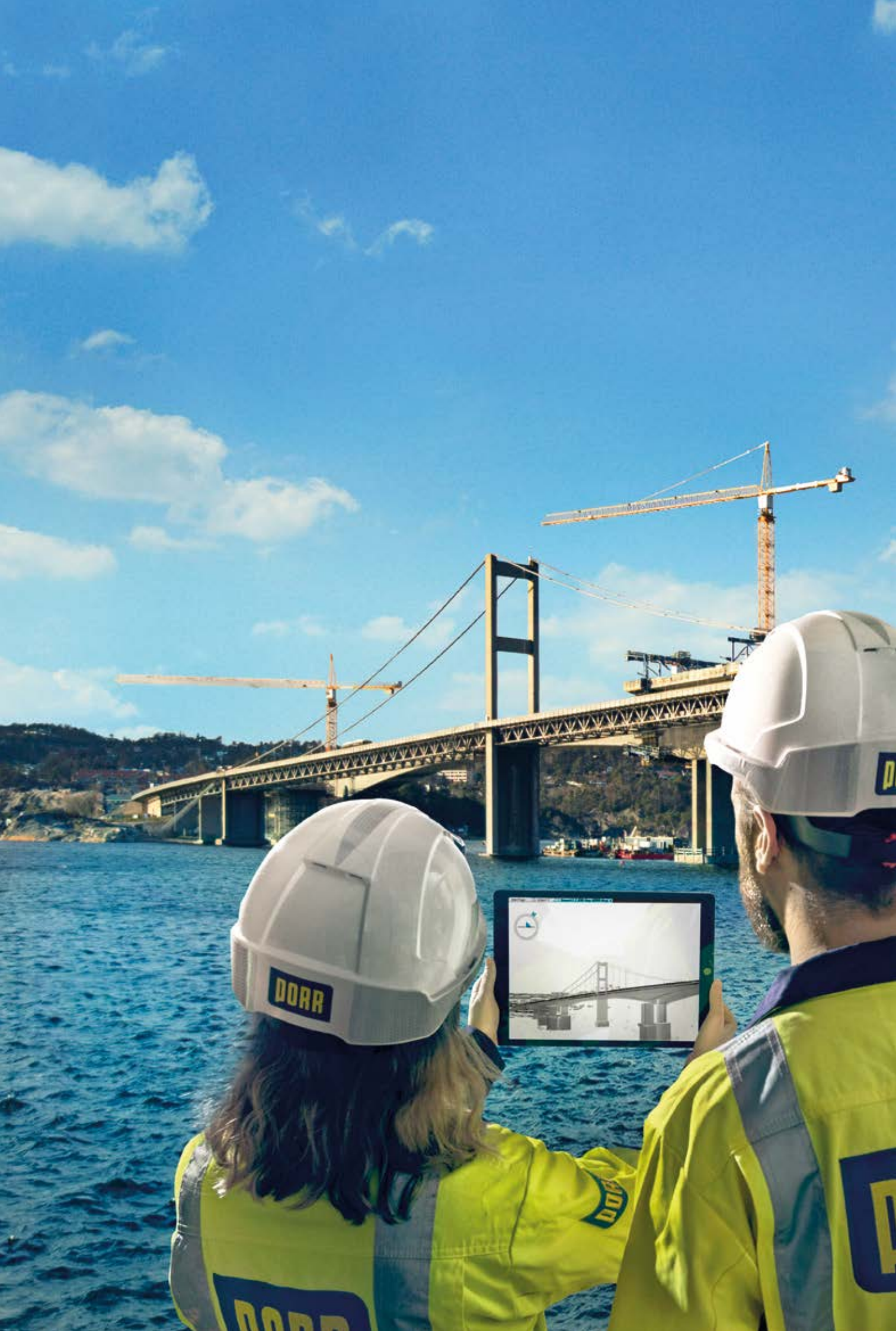


Out to sea

The Deep Tunnel Storm Water System carries groundwater and rain water out to a pumping station on the sea. Once it is completed in 2020, around 40% of the urban area of Dubai will be drained by the tunnel system.

Everything from a single source

Until the first quarter of 2019 PORR has been realising the research centre "Large-Scale Cell Culture" for Boehringer Ingelheim. Construction work on the project involves both specialised civil engineering and building the research facility.



PORR. Digital.

Connected.

We live in a highly networked world. Smart mobility is on the rise. When machinery, materials and processes link up, a new construction era dawns. With intuitive solutions and 360-degree vision, PORR is developing the trends of tomorrow today. And thereby opening up new paths towards an exciting future.

PORR . Digital .

BIM at PORR

Building Information Modeling (BIM) is a method under which a consistent data model of the structure is produced. BIM displays every specialist plan, construction phase and construction stage. From design and calculation through to the build and interior construction, on to operating properties and sites across their entire life cycle. Even complex projects immediately become more tangible and easier to understand, primarily thanks to the 3D model. Developers in particular benefit from this. We already use BIM proactively and are continuously reinventing construction processes.

Augmented Reality brings the as-yet-undeveloped outdoor facilities to life.



LEAN Design & Construction

PORR accompanies construction projects from the development through to the design and then build using LEAN design and LEAN construction methods. This enables us to increase our efficiency and productivity, improve communication in the project and add even more value for our clients. The decisive factor is the transformation into a streamlined or LEAN company. To this end, a shift in the corporate culture with values such as transparency, communication and continuous improvement provide a basis for us to remain one of the construction industry's top players in a future that is increasingly going digital.

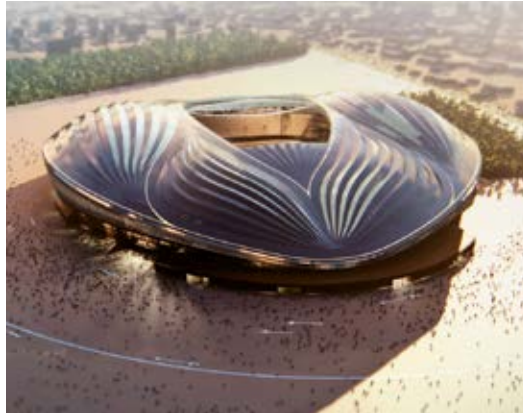


Scan me.

Either with your smartphone's camera or a QR-scanning app.

LEAN analyses and optimises work steps ahead of time.





The 3D model shows construction progress on the Al-Wakrah Stadium. The completed stadium then appears on screen.



The Virtual-Reality glasses let us experience places that have not yet been developed, so close you can almost touch them.

Virtual & Augmented Reality

Virtual reality takes us to a location that has not yet been built up, for example in a still-to-be-constructed building. This approach means that mistakes can be identified already in the design process, thereby saving real costs and time.

Augmented Reality allows additions to be made to reality with digital information, e.g. building services and technology, for example, and construction components that are not yet complete. The invisible becomes visible and takes our understanding of the environment to a brand new level.

A new approach to back offices

A rapid transformation is also underway in the back office: processes related to PORR's administrative work are being standardised step by step before finally being embedded in process automation software. This yields a better overview of processes, greater transparency, increased process speed and lower costs.



PORR . Digital .

QR codes on equipment

The days of the manual aluminium board with embossed equipment numbers are numbered. In future PORR will rely on QR codes that can be scanned via an app. The digital equipment log book is a transparent way of displaying information, increases safety and reduces operating costs as well as those for repairs and maintenance. The PORR equipment-service solution has been nominated for an SAP Innovation Award.

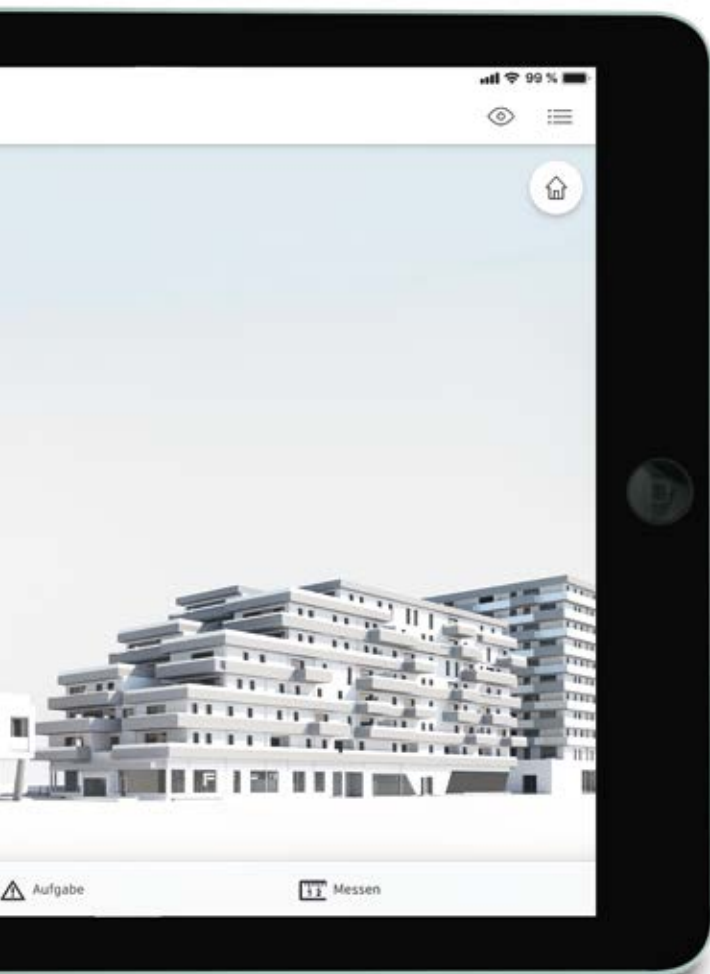
Real time in road surfacing

In road surfacing works there is a central software tool to facilitate networked planning and execution. Central control is managed via an app – any changes can be applied as quickly as possible. This in turn facilitates real-time information and higher quality documentation. KPIs such as loading capacity, construction time and construction output can be controlled efficiently. This allows deviations to be kept to an absolute minimum on the construction site.

Linked-up road construction and paving provides real-time info at the construction site and elsewhere.



The 3D model of “See See” in Seestadt Aspern presents the construction project in a tangible way.

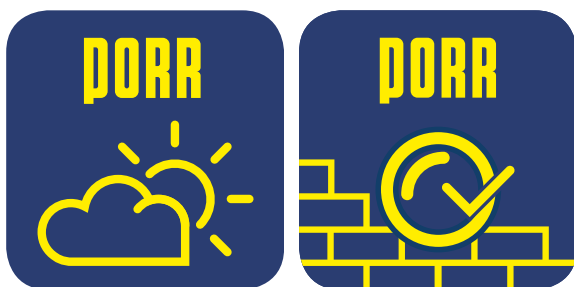


Digital reality in earthworks

Digital advances in earthworks range from design to build through to documentation. BIM facilitates precise quantity surveys via 3D models of the terrain. This enables logistics routes to be optimally coordinated. Here Augmented Reality brings the underground infrastructure to life. The construction vehicle on the building site is linked up to the surveying technology, thereby yielding an optimum performance.

Constant information flows

Digital tools are becoming ever more important in the design and control of construction sites. New apps such as Plan Radar, which makes it easy to report deficits and remarks, or the Weather Cockpit, offering precise weather forecasts, are just two of the programmes from the IT specialists at PORR.



With our apps we are always linked up, wherever we may be.

20

18

Coming home.

Shaping the future in the office.

Walking down the street.

Standing on a bridge.

Taking the train.

PORR is always there.

2018

At a glance

Austria's largest tunnelling project

As part of a consortium, PORR is awarded the largest tunnelling contract in Austrian history in August 2018. The approximately 18km-long section of the Brenner Base Tunnel poses an exceptional challenge for the civil engineers due to the variable geological conditions. The construction period is around six years. With a pro rata project volume of EUR 531m, the Brenner Base Tunnel is the largest new order for the year 2018.

Top contracts acquired in Poland

As an infrastructure specialist, PORR is awarded numerous large-scale orders in road construction in 2018. In addition, it acquires a hydraulic engineering project in the form of building a flood retention basin in the river basin of Nysa Kłodzka, as well as several contracts to modernise railway lines. The year's largest new order in Poland is the 16km-long section of the S3 expressway between Bolków and Kamienna Góra. The contract is worth EUR 290m.

Intelligent growth continues

PORR continues to expand its market position with two strategic acquisitions: the takeover of Tunnel- & Traffic Consulting GmbH – now PORR Infra GmbH – in February expands the service range in tunnel and traffic technology. With the acquisition of ALPINE Bau CZ a.s., PORR strengthens its market position on the Czech home market and secures important strategic advantages, especially in road construction.

Securing tomorrow's specialists

The foundation stone of the PORR Education Campus is laid in autumn. From September 2019 courses are held here for apprentices and commercial specialists. The PORR education concept is a unique pilot project and should encourage skilled workers to remain with the Group. This will counteract the acute shortage of skilled labour long-term.

Industry best-in-class

As the first major order of the year, PORR builds an accelerator complex for advanced physics research. A research centre is taking shape on an area of around 150,000m², the construction of which requires maximum expertise in building construction and civil engineering. At the heart of the new facility is a 1.1km ring accelerator. In addition, PORR acquires the tender to build the production facility of Griesson - de Beukelaer in Kahla.

Creating modern worlds of work

In February PORR Suisse secures the large-scale contract for the Franklin Tower at the Zurich station Oerlikon – a new urban development hotspot. The company is building an 80m-high office tower with a total of 25 storeys. In Viennese building construction, PORR wins the tender for the QBC 1 + 2 offices, which are taking shape in the trendy new quarter of Vienna Central Station – Quartier Belvedere Central. The complex consists of three eight-storey buildings; the existing underground garage will be extended.

Better living in the heart of the city

Residential construction is booming. Numerous housing construction projects in Vienna, Munich and Berlin enter the order books in 2018. More than 2,000 residential units will be built in total, with average living space of over 50m². In addition, several residential complexes have underground parking and commercial units.

Award for bridge construction

The Loftesnes Bridge, a challenging project involving parallel demolition and new construction, wins the Public Award of the European Convention for Constructional Steelwork in 2018. The new bridge consists of a three-part steel construction, which was installed with an 800t floating crane. More than 1,000t of steel were used for the construction.

Executive Board team strengthened

The PORR Executive Board is restructured. As of 1 February 2018, Andreas Sauer takes on the role of CFO. As a proven expert, he brings extensive experience in integration, transformation and project management to the company. In December another top manager joins the Executive Board in the form of Thomas Stiegler. He has worked for PORR for almost ten years after holding numerous management positions in the construction industry. Since 6 December 2018 Thomas Stiegler has been responsible for expanding the Group's international business.

Sustainable energy supply

PORR renews the old Töging am Inn hydraulic power plant, which is around 100 years old. The structural engineering, concrete construction and specialist civil engineering divisions all put their expertise to the test. The project involves overhauling the weir system, which is essential for the smooth running of the power plant, as well as the new build of the adjacent Töging powerhouse. The total contract volume is around EUR 120m.

Contents

01-21 Highlights

- 2** 2018 At a Glance
- 7** Foreword by the Chairman
of the Executive Board
- 9** Investment Story
- 12** Project Highlights

24-49 About PORR

- 24** 2018 in Figures
- 25** Business Model
- 27** Corporate Strategy
- 30** PORR on the Stock Exchange
- 33** Corporate Governance
- 46** Supervisory Board Report

52-72

Group Management Report

53	Economic Environment
53	Developments in the Construction Industry
54	Development of Output
54	Order Balance
55	Financial Performance
56	Financial Position and Cash Flows
57	Investments
57	Research and Development
57	Staff
58	Corporate Social Responsibility
60	Forecast Report
61	Risk Report
64	Branch Offices and Subsidiaries
64	Disclosure acc. to Sec. 243a Para. 1 Austrian Commercial Code
67	Treasury Shares
68	Segment Report

74-157

Consolidated Financial Statements

74	Consolidated Income Statement
75	Consolidated Statement of Comprehensive Income
76	Consolidated Cash Flow Statement
77	Consolidated Statement of Financial Position
78	Statement of Changes in Group Equity
80	Notes to the Consolidated Financial Statements
143	Shareholdings
150	Auditors' Report
156	Responsibility Statement
157	Appropriation of Earnings
158	Glossary
160	Acknowledgements
162	Financial Calendar
162	Contact



Thomas Stiegler
COO

J. Johannes Wenkenbach
COO

Karl-Heinz Strauss
CEO

Andreas Sauer
CFO

Foreword by the Chairman of the Executive Board

Dear shareholders,

Looking back at 2018 we see a successful, but also very demanding, year in terms of the operating business. Overcoming different parameters – this is part of our business and our 150-year history. We remained on track despite a challenging market environment and resolutely pursued our stated course – together with a great team. Our aim is clear: we are shaping PORR into one of the best construction companies in the industry.

The clear focus on construction helps us here. Our strong regional presence and firm anchoring on the five home markets of Austria, Germany, Switzerland, Poland and the Czech Republic is a decisive stabilising factor. We continue to generate around 88% of production output here, while applying an approach that is as integrated as possible. The value added that we generate is both Group-wide and regional. In 2018 we once again broke records for production output and our order backlog. What's more, we achieved solid earnings despite an exceptionally demanding environment.

Looking forward, we are again faced with a challenging environment. The industry is confronted by rising costs for raw materials and construction supplies, subcontractor bottlenecks and a prevailing shortage of skilled labour. Our response: we intend to be more streamlined, more efficient and more integrated. To be selective regarding new projects, to focus on operational excellence and to be visible innovators in terms of new technologies and solutions. Thanks to our solid order books, we can seize opportunities in the construction sector even more effectively.

With intelligent growth at the heart of our strategy, we intend to expand our market position step by step. Acquisitions such as PORR Infra GmbH and ALPINE Bau CZ a.s. have enabled us to strengthen our position in niches of strategic importance, expanding our portfolio and thereby securing competitive advantages for customers.

Our quest for operational excellence has led us to reorganise our structures both in Germany and at Group level. We see additional potential to get close to customers through digital interconnectivity and in standards such as Building Information Modeling and LEAN Construction. With projects like the office building for BMW in Munich, we are blazing new trails in construction. Our goal is to react to customer demands more quickly and more flexibly. Finally, customers need a strong and reliable partner like us.

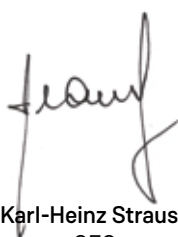
In 2018 we set the course for the future in terms of personnel, together with the Supervisory Board. With our new, expanded management team, we have been able to sharpen our focus even more precisely. As of 1 February 2018 Andreas Sauer stepped up as Chief Financial Officer. Since 6 December 2018 Thomas Stiegler has taken over responsibility for our international business.

We remain true to our dividend policy. It goes without saying that our stakeholders should participate in the company's success. That's why the Executive Board and the Supervisory Board are proposing a dividend of EUR 1.10 per share for the 2018 business year to the Annual General Meeting. This corresponds to a 6.3% dividend yield based on the 2018 closing price.

One crucial factor is our corporate culture, which unites us all. The success of the large and countless small projects is due to the daily dedication of a team that proactively shapes our future and does so with passion. Our sincere thanks go to all of our members of staff. We are

also grateful to our customers, shareholders and all of our business partners – your trust is what drives us. We hope that you will continue to support us and accompany us on this journey.

Sincerely,



Karl-Heinz Strauss
CEO



Thomas Stiegler
COO



Andreas Sauer
CFO



J. Johannes Wenkenbach
COO

Investment Story

Top tier in European construction

- Market leader in Austria
- Strong position on five stable and growing home markets in Europe
- High investment backlog as well as mega trends support ongoing demand in construction sector

150 years: core competency construction

- A company for every construction discipline covering the entire value chain
- One of the few full-service providers for complex infrastructure
- Record order books and full capacity utilisation

Focus on operational excellence

- Focus on profitability and a stable balance sheet
- Focus on risk management and well-balanced quality of orders
- Focus on process improvement via technology

The capital market matters

- Stable, long-term oriented core shareholder
- Continuity in the payout ratio (30% to 50% of net profit)
- Shareholder value as key priority

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Project Highlights





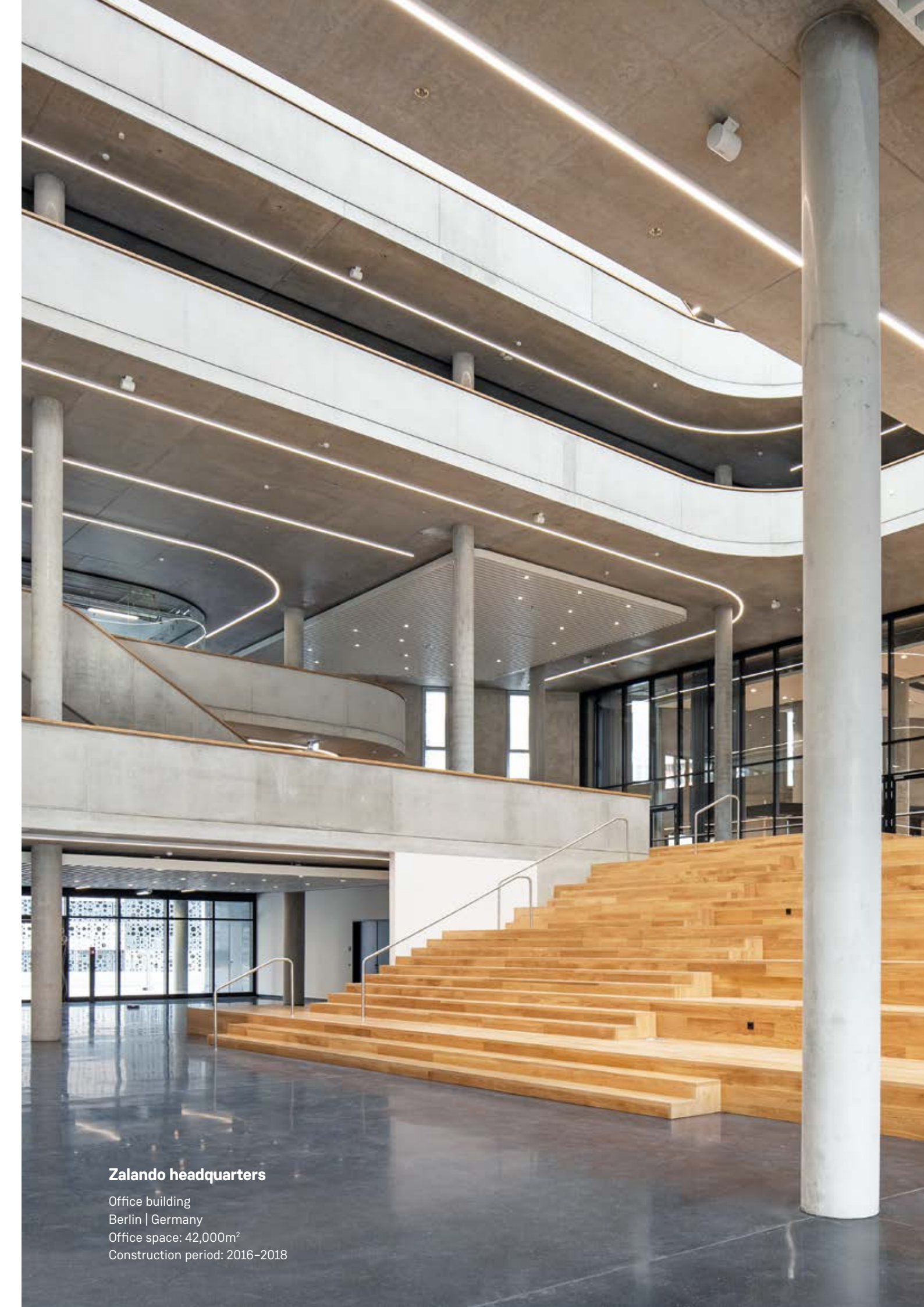
The Icon Vienna

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



QBC 4

Office building
Vienna | Austria
Gross floor area: 20,000m²
Construction period: 2016–2018



Zalando headquarters

Office building

Berlin | Germany

Office space: 42,000m²

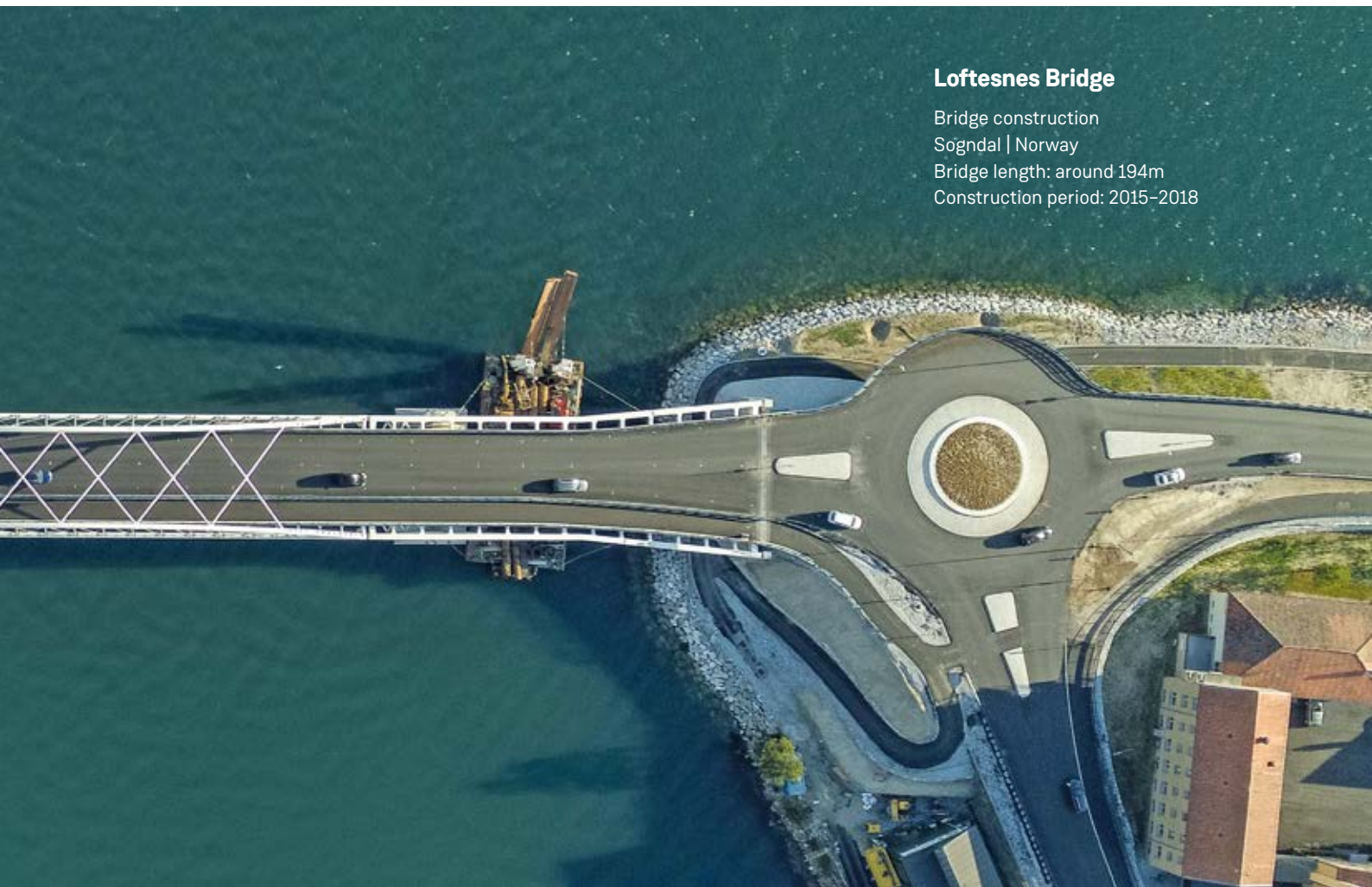
Construction period: 2016–2018





A99 bridge, Unterföhring

Bridge construction
Munich | Germany
Bridge length: around 80m
Construction period: 2017–2019



Loftesnes Bridge

Bridge construction
Sogndal | Norway
Bridge length: around 194m
Construction period: 2015–2018

New bridge Innbrücke

Bridge construction

Terfens | Austria

Bridge length: around 220m

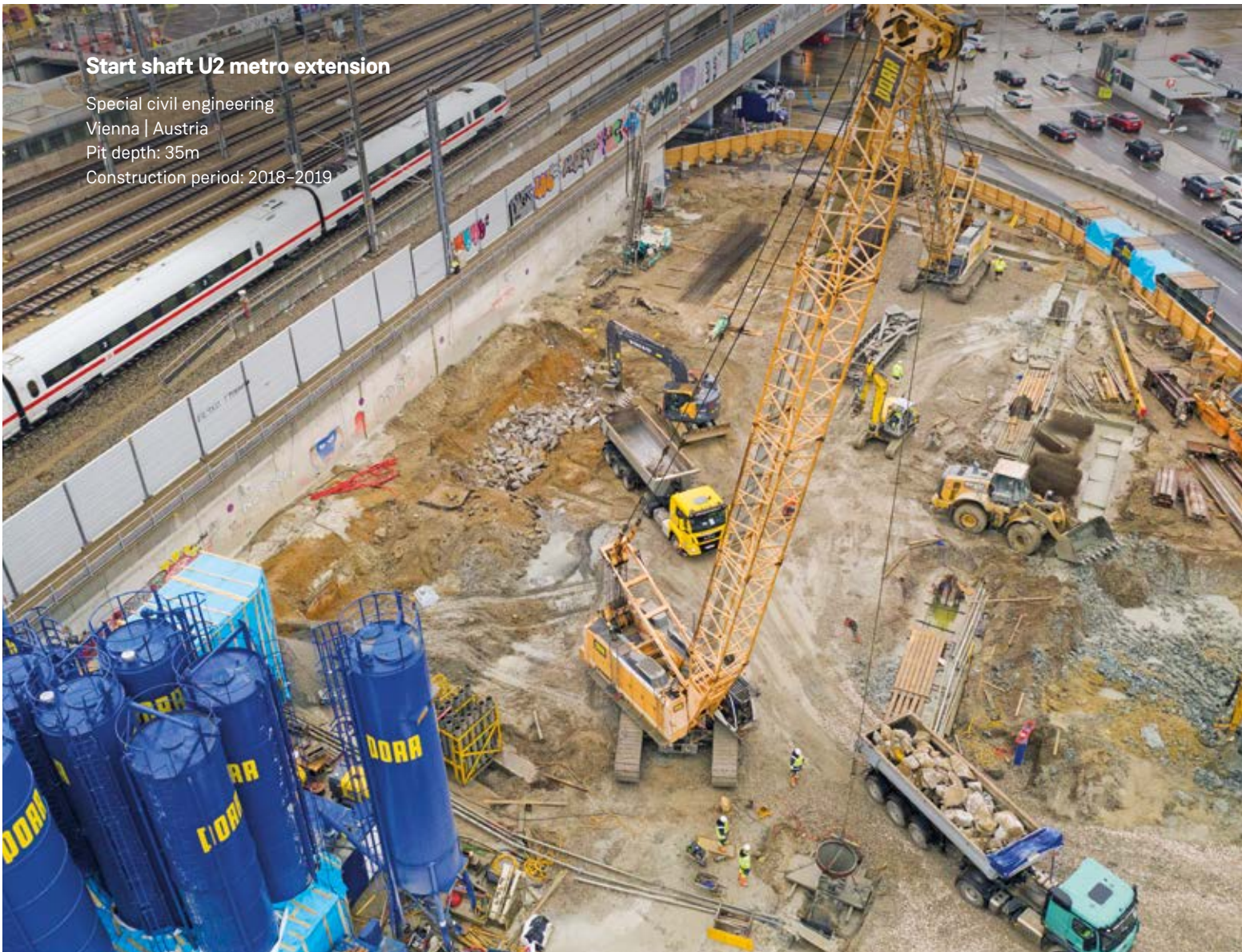
Construction period: 2017-2021





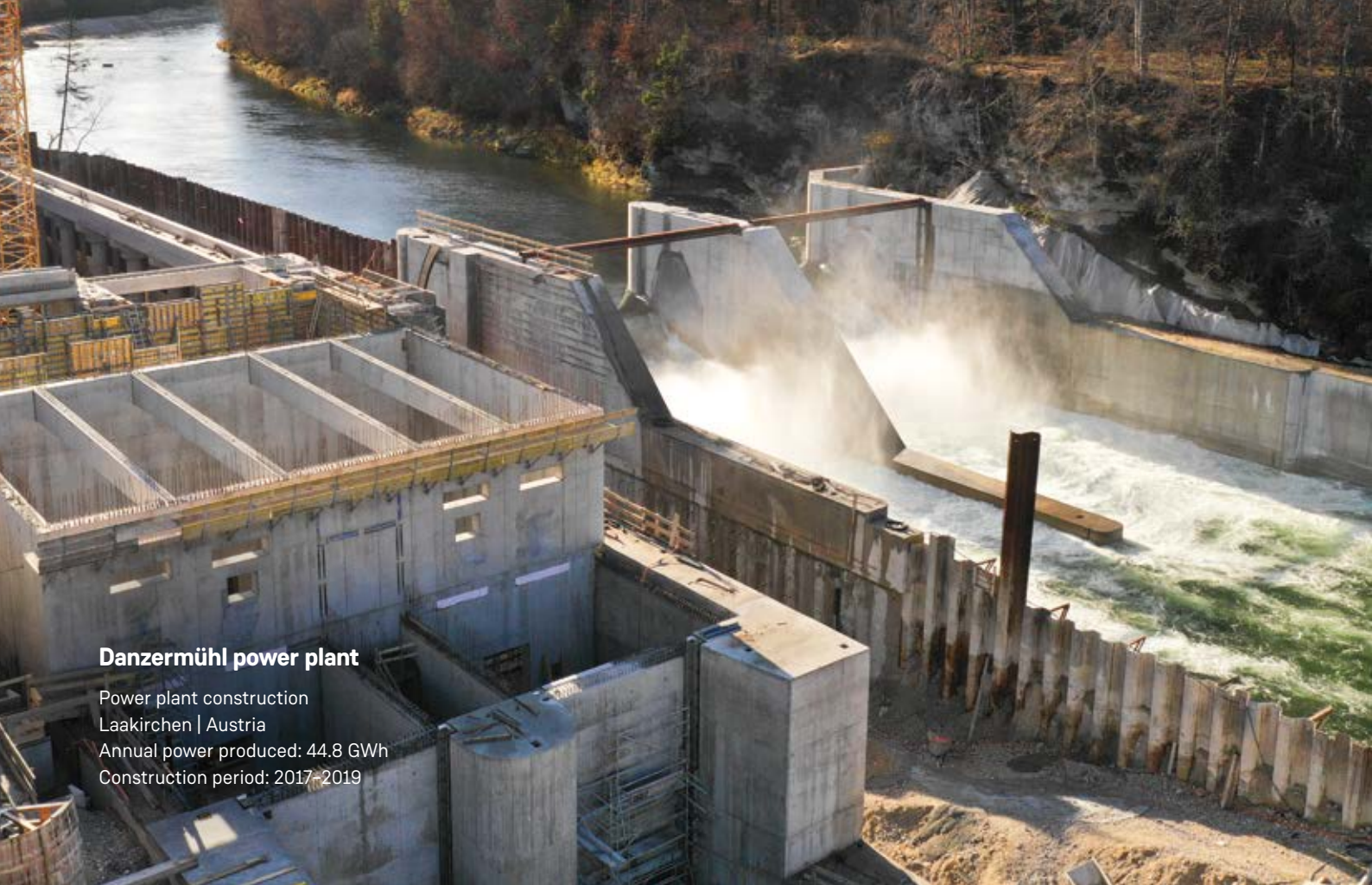
Humber Crossing

Pipeline construction
Goxhill | Great Britain
Tunnel length: 4,862m
Construction period: 2016-2020



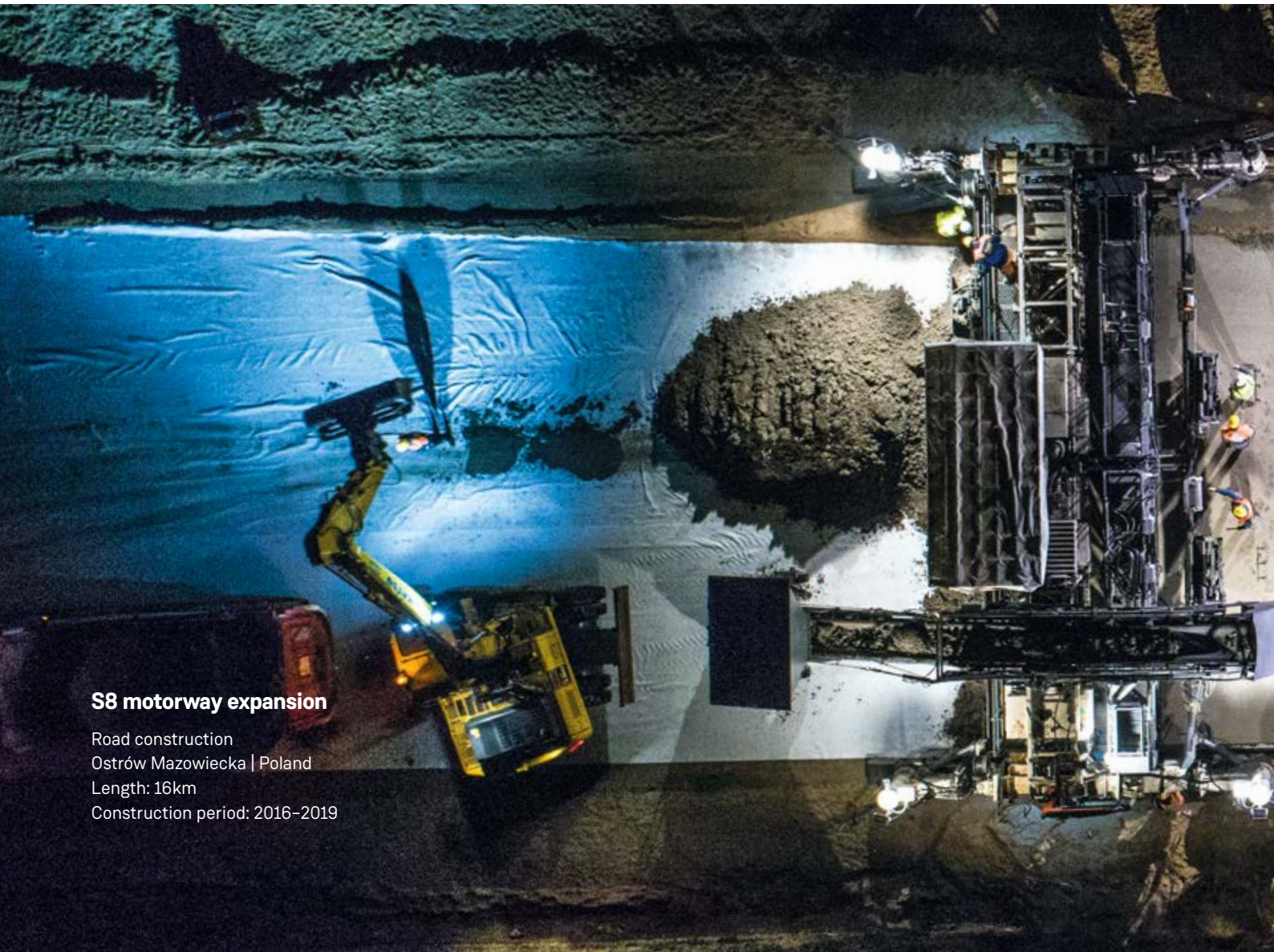
Start shaft U2 metro extension

Special civil engineering
Vienna | Austria
Pit depth: 35m
Construction period: 2018-2019



Danzermühl power plant

Power plant construction
Laakirchen | Austria
Annual power produced: 44.8 GWh
Construction period: 2017-2019



S8 motorway expansion

Road construction
Ostrów Mazowiecka | Poland
Length: 16km
Construction period: 2016-2019

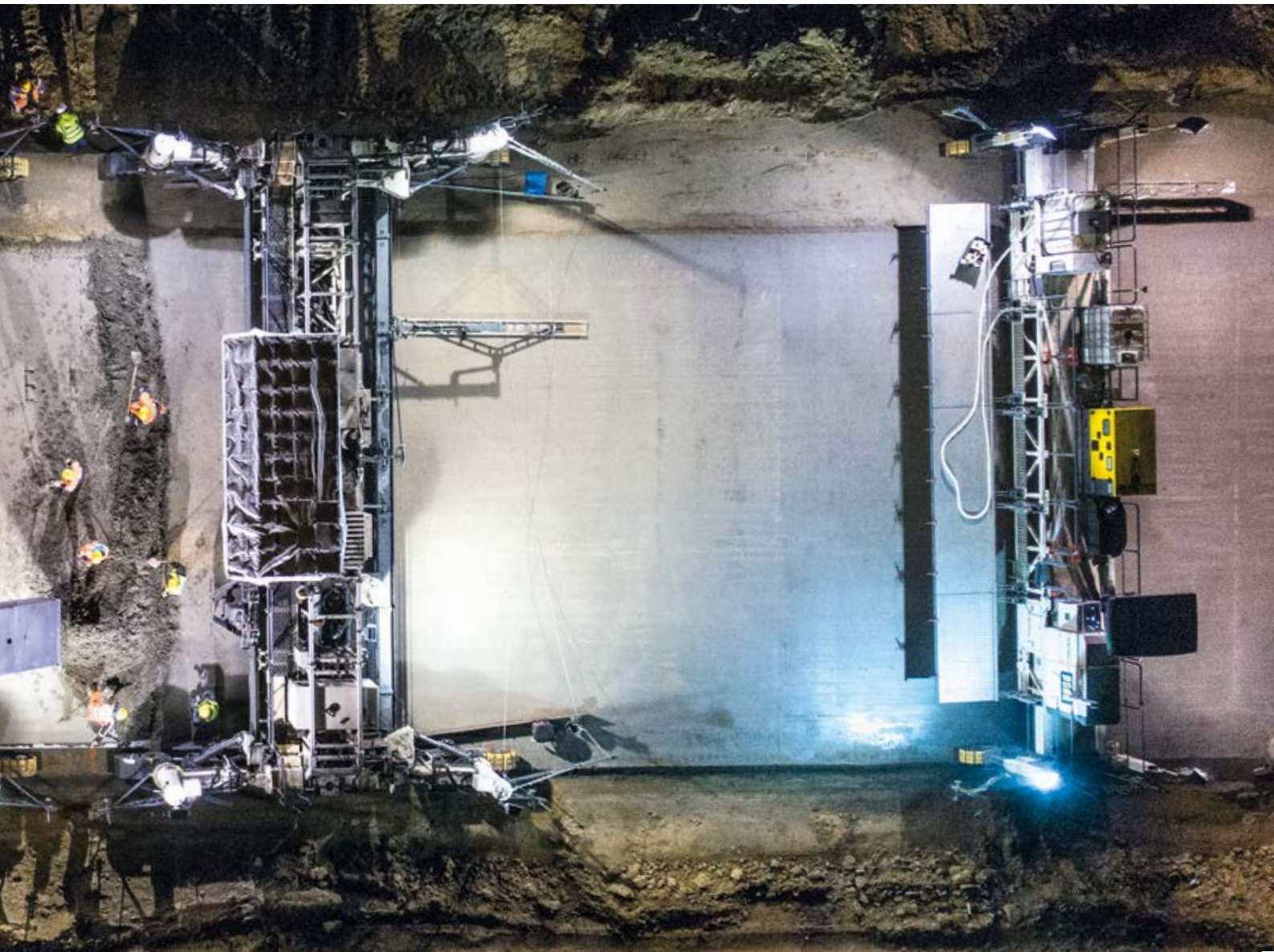
E18, Rugtvedt-Dørdal

Road construction

Rugtvedt-Dørdal | Norway

Length: 18km

Construction period: 2017-2019



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About PORR

2018 in Figures

Production output

+18.0% EUR 5,593m

Order backlog

+11.5% EUR 7,100m

Order intake

+0.4% EUR 6,326m

Staff

+7.3% 19,014

■ Home markets

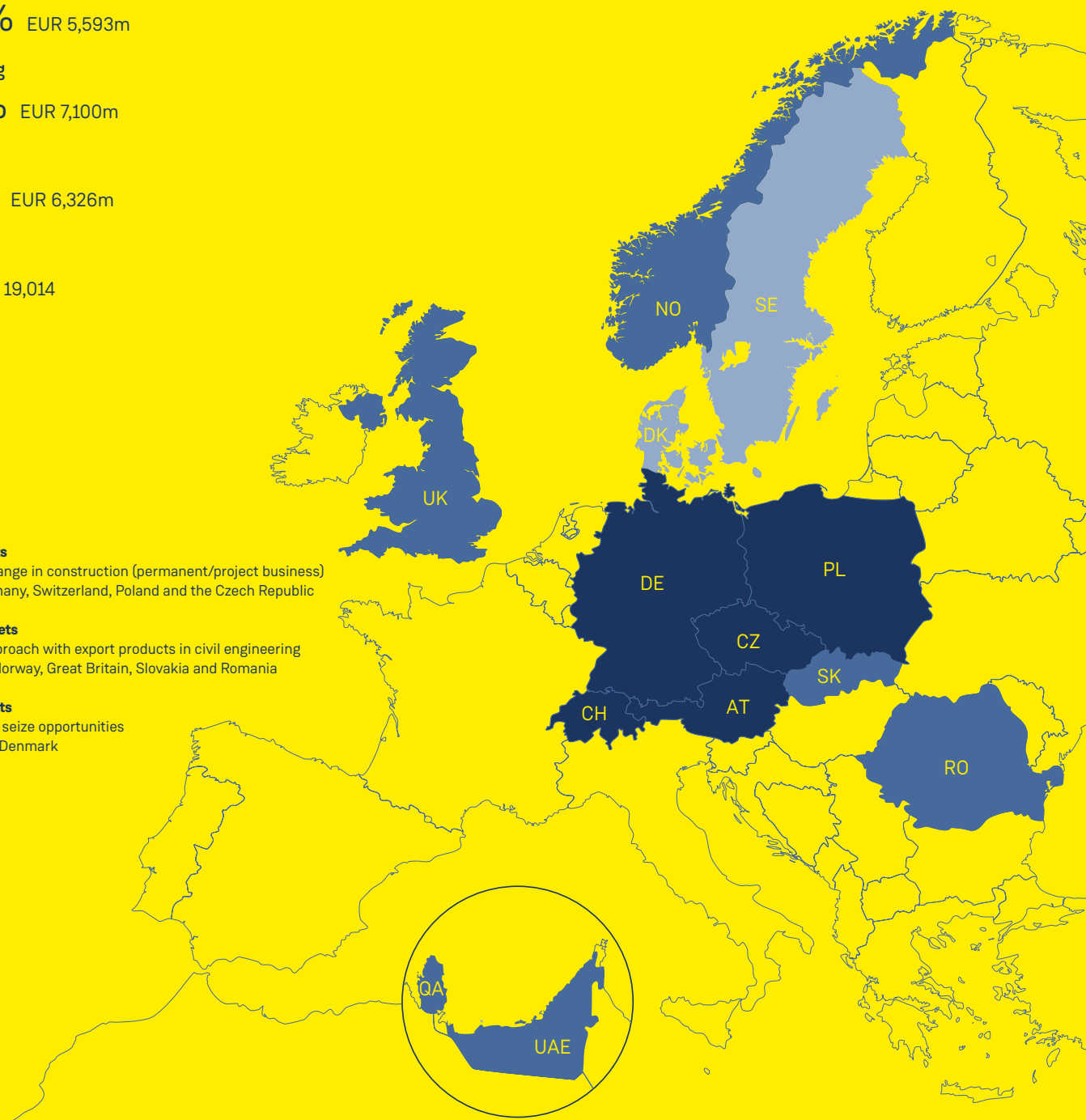
Full service range in construction (permanent/project business)
Austria, Germany, Switzerland, Poland and the Czech Republic

■ Project markets

Selective approach with export products in civil engineering
Qatar, UAE, Norway, Great Britain, Slovakia and Romania

■ Target markets

Evaluate and seize opportunities
Sweden and Denmark



Business Model

Core competency – construction

PORR is and will remain a construction company. The firm is a leader in the construction sector in Austria. Europe-wide, PORR is one of the most significant construction companies on its home markets of Germany, Switzerland, Poland and the Czech Republic. For 150 years PORR has been successfully realising complex projects in building construction and civil engineering. As one of the few infrastructure specialists on the five home markets, the company covers the entire value chain for infrastructure projects. The goal is to expand its leading position as a design-build developer. Furthermore, as a technological trailblazer, PORR increasingly applies networked, innovative solutions to design and construction and is proactively driving the development of future digital advances.

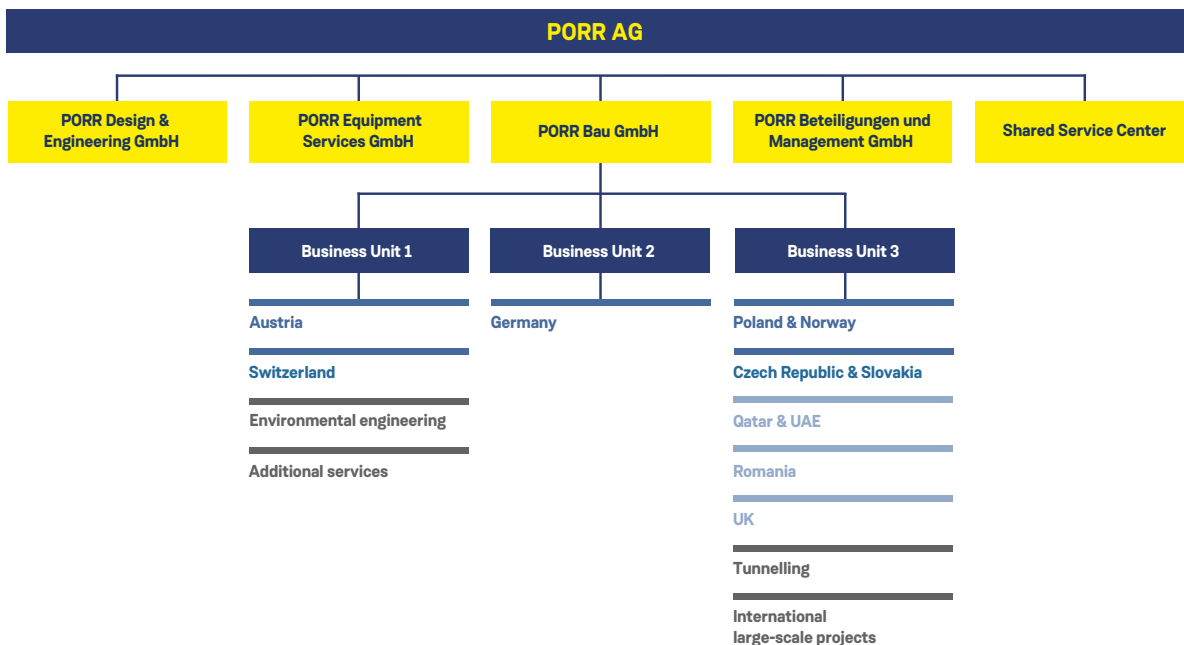
Five home markets in Europe

PORR’s focus remains, unchanged, on the five European home markets of Austria, Germany, Switzerland, Poland and the Czech Republic. Around 88% of total production output is generated in these markets, whereby the business focus is firmly on Europe. Here PORR’s entire service range is in play – from design to construction through to operations. In addition, the company works on selected project markets such as Qatar and the UAE, Norway, Great Britain and numerous CESEE countries. PORR offers its export products on these markets, thereby applying its extensive expertise in tunnelling, railway construction and other civil engineering internationally.

New organisational structure

As of 31 December 2018, PORR had the following reportable segments: Business Unit 1 – Austria, Switzerland, the Czech Republic, Business Unit 2 – Germany, Business

New organisational structure since 1 January 2019



Unit 3 – International and Business Unit 4 – Environmental Engineering, Healthcare & Services. In this report all of the key performance indicators and financial results relate to this organisational structure that was in place in 2018. PORR has implemented a new, streamlined segment structure, effective 1 January 2019. The company’s strategic evolution demands integrated, intragroup networking and cooperation. The PORR activities are now focused on three business units.

Business Unit 1 continues to be responsible for the countries Austria and Switzerland. New additions include the disciplines of environmental engineering and railway construction including Slab Track Austria with a focus on Europe. Certain equity interests such as Prajo, TKDZ, Thorn, PWW and ALU-SOMMER have also been integrated. The former Business Unit 4 Environmental Engineering, Healthcare & Services has thereby been disbanded.

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

Business Unit 3 focuses on the home markets of Poland and the Czech Republic as well as all PORR project markets – Qatar, UAE, Norway, Great Britain and other CESEE countries. Alongside the Czech Republic, another new

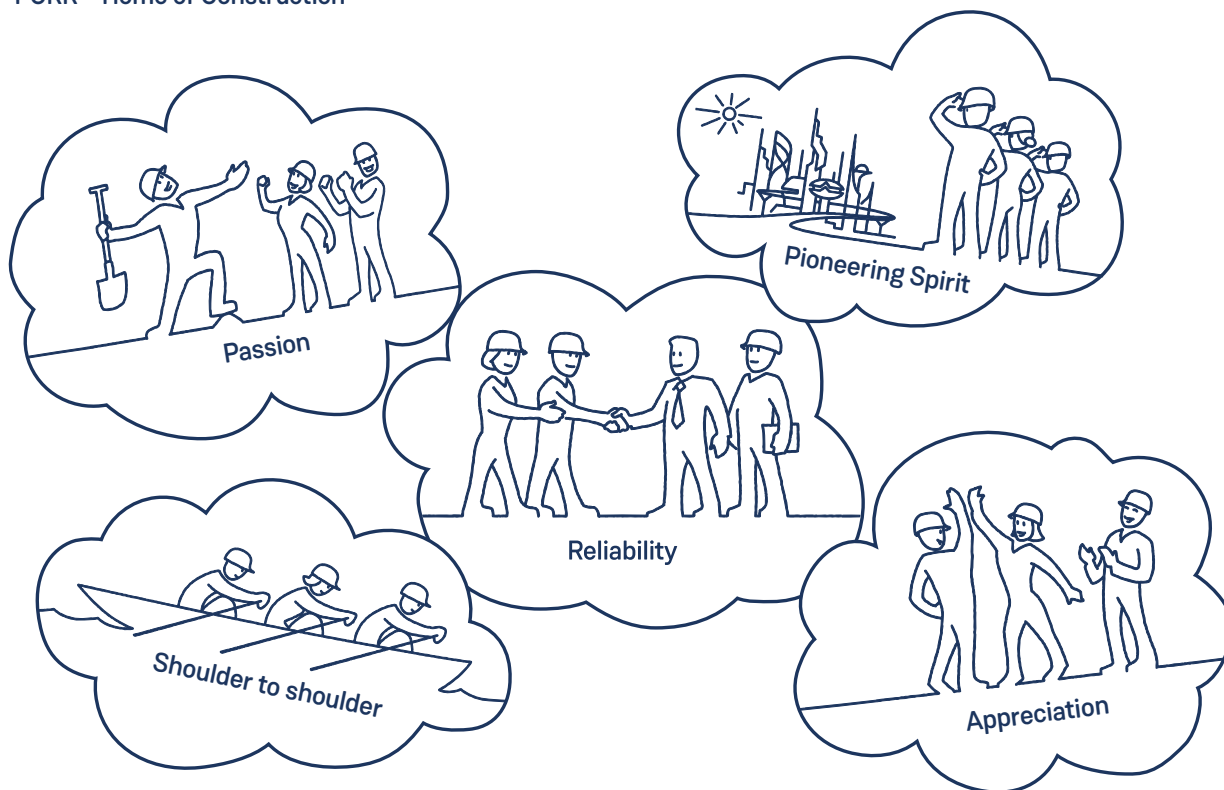
addition is international large-scale projects, which include Slab Track Austria infrastructure projects outside of Europe.

In addition, the other equity interests (PORR Beteiligungen und Management, PBM) have been integrated into the holding.

Corporate culture

A culture of togetherness is what counts. For the approximately 20,000 staff members who give their all, every day. And for PORR as a whole, as it comes together. After all, the rapid changes in the industry and subsequently in the company can prove extremely challenging. Reliability, Shoulder to shoulder, Appreciation, Pioneering Spirit and Passion are the core corporate principles lived by PORRians every day. They serve as a guarantor of sustainable corporate success. Reliability provides the basis for dealing with each other responsibly. People at PORR show mutual respect at work, they accept and support one another. Solidarity and the ability to look at the bigger picture is crucial at every phase of business development. The good of the group takes priority over the interests of the individual. Changes are seen as opportunities. With pioneering spirit and passion, PORRians are always one step ahead and proactively contribute to a dynamic corporate culture.

PORR – Home of Construction



Corporate Strategy

PORR AG is a European construction company with a leading position in every aspect of the construction value chain. The strategy remains unchanged – expanding the strong market position in Europe and focusing on operational excellence. The overarching goal remains a sustainable increase in the company's value for every stakeholder.

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

Five home markets – one focus

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

Around 88% of production output was generated on PORR's home markets in 2018. In Austria the goal is to continue to expand its leading market position and grow in select niches. PORR has reached a decisive size in Germany, thereby establishing itself as a leading market player in infrastructure and industrial construction. Here PORR also offers its full range of services. A selective expansion of activities is planned in Switzerland, Poland and the Czech Republic, whereby PORR is striving for complete coverage in the Czech Republic in particular. PORR will service the Scandinavian market by drawing on its existing competencies from Poland.

The project markets are Qatar, UAE, Norway, Great Britain, Slovakia and Romania. Here PORR operates selectively with its export products primarily in tunnelling, railway construction and civil engineering (special and large-scale projects). As long as there is clear value added, export products may also be offered there as individual projects on other international markets. Furthermore, projects are realised for longstanding industrial clients in line with the follow-your-customer principle.

The current target markets are Sweden and Denmark. The focus here is on projects in infrastructure construction in cooperation with local partners. PORR has already embraced this approach on the project markets of Norway and Great Britain, as well as Qatar and currently in the UAE.

Intelligent growth

PORR continues to focus on intelligent growth – especially in markets where clients are increasingly looking for full-service construction solutions. With its business model, PORR covers every in-demand service across the entire value chain. Targeted, value-generating acquisitions allow the Group to expand its existing service range in a selective and intelligent way. In 2018 PORR grew stronger with the takeover of PORR Infra GmbH (formerly Tunnel- & Traffic Consulting GmbH) and Alpine Bau CZ a.s. These acquisitions have secured strategic advantages in a challenging environment. PORR's approach to project acquisition is equally selective. Nascent opportunities on the market are only pursued after a comprehensive risk analysis.

Operational excellence

Due to the dynamic growth of its markets, PORR selectively pursues a clear focus on operational excellence. Sustainable profitability should be secured by establishing competitive cost and process structures in every division. This is achieved by steadily increasing efficiency,

unifying processes, bundling knowhow and a streamlined organisational structure with flat hierarchies. In addition to this and alongside the selective choice of new projects, continuous risk analysis is applied to acquisitions and project management in order to guarantee sustainable profitability over the course of the entire project.

Finance strategy

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

The construction and project industry often demand complex business processes and so the financing strategy attempts to keep the risks of refinancing to a minimum.

The financing strategy is thereby focused on the following goals:

- Preferring long-term financing over short-term
- Refinancing mature liabilities, wherever possible, at least six months in advance
- Maintaining sufficient free credit lines to meet any short-term liquidity needs, which can be drawn on for seasonal or project-specific purposes
- Maintaining sufficient lines at finance institutes to cover liability for the operating business
- Diversification of financing instruments
- Broad investor basis

Dividend policy

PORR thinks sustainably and is committed to continuity in its dividend policy. The policy is based on the performance of business and earnings in the coming years and should allow shareholders to fairly participate in the company's success. The dividend proposal of EUR 1.10 for 2018 represents an attractive dividend yield of 6.3% on the basis of the share closing price in 2018. PORR strives for an annual payout ratio of 30% to 50% of the share of annual profit attributable to shareholders.

Leadership in technology

The technological shift in the construction industry is opening up new growth opportunities for PORR. The company has increased its investments in developing software solutions throughout the entire value chain, which ultimately provide value added for every stakeholder. New technologies such as Building Information Modeling (BIM) and Advanced Analytics such as Virtual Reality or methods like LEAN Construction are enabling new forms of cooperation between companies and everyone involved in the design and construction process. Here the teams at PORR work together under an interdisciplinary approach and in close cooperation with PORR Design & Engineering, the Digital Unit, PORR Equipment Services and, above all, staff in the operating business.

PORR is a trailblazer in applying forward-looking technologies and techniques in the construction industry. Operational excellence leads to the advancement of existing standards and brings new ideas to the fore. These innovations are bundled in a dedicated hub, evaluated and then pursued together with the right development partners. This not only applies to technologies, but also to processes and methods. And this is where PORR sees the future of the industry. All of this contributes to Group-wide connectedness – of information, data and especially of the people behind it. In order to remain a trailblazer in every area well into the future, developments and advances will be taken from the hub and applied across the entire Group as quickly as possible.

Sustainability strategy

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

The topics identified and prioritised with the help of the materiality matrix relate to the areas of energy and emissions; sustainable procurement; safety, security and prevention; the environmentally sound use of materials; employee matters and social affairs; upholding human rights; and compliance. The areas of diversity, equal opportunities and innovative technologies have also been incorporated in light of their increasing importance. The catalogue of measures includes energy-

efficiency measures related to equipment, fleet and building management and enhanced resource efficiency, through to a focus on local suppliers, the supplier management system, the occupational safety initiative “Vision Zero” and the implementation of workplace health promotion, protection and promotion of international human rights, as well as compliance training and comprehensive HR development measures.



Vienna Central Station

Railway construction
Vienna | Austria
Number of daily passengers: 145,000
Construction period: 2009-2015

PORR on the Stock Exchange

Global stock exchanges face headwind

The global market environment proved challenging for the stock exchanges in 2018. Buoyed by the positive impact of the tax reform in the USA, the key US and eurozone indices achieved record levels in January. That said, the optimism on the markets decreased considerably over the remainder of the year. Uncertainty predominantly emanated from the trade dispute between the USA and China, Italy's high levels of national debt and the ongoing Brexit debate. Prime rates in the US had been raised four times by the end of the year, putting additional pressure on the markets. In contrast, the prime rate in the eurozone remained at its record low of nought percent. At the start of the fourth quarter of 2018, concerns about a slowdown in the global economy increased. As a result of this, international stock markets underwent significant corrections and broadly closed down against year-end 2017.

The performance of the stock exchanges was therefore unexpectedly turbulent in 2018. With a negative performance for the year of -5.6%, the leading US Dow Jones Industrial Average experienced a somewhat moderate decline. The European stock market environment was considerably weaker. The EURO STOXX 50 closed the year with a minus of 14.3% against year-end 2017. With price losses of 18.3% against the previous year, the DAX also saw an end to its upward trajectory of recent years. The looming trade conflict with the USA and the upcoming Brexit hit the export-focused German economy especially hard. Added to this were generally weak corporate figures and recessive growth forecasts.

There was a similar picture regarding the performance of Austria's leading ATX index. While it had recorded slight growth in the first and third quarters, it was unable to extricate itself from the uncertainty of the European backdrop over the rest of the year. The ATX ended 2018 down by 19.7% against year-end 2017. As of 31 December 2018, the market capitalisation of the prime market stood at EUR 91,173m.

Volatile year for PORR share

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

A positive start to 2018 was followed by a downturn – parallel to the overall market – in the PORR share, which then led into a highly volatile phase. This trend continued up to and including April. The publication of the annual results for 2017 gave a positive boost to the share, which reached its year-high of EUR 34.50 in May. From the end of June to the end of September the PORR share was listed on the ATX for the first time. This led to one-off technical effects that were reflected in higher volume. Over the course of the rest of the year, pressure on the markets grew throughout Europe. An increase in negative news from the European industrial and construction sectors placed an additional burden on share prices in these industries. The PORR share was also unable to fully buck this trend, meaning that the share price underwent a sharp decrease, especially in the second half of the year. On 27 December 2018 the share hit its year-low of EUR 17.28. It recovered slightly by year-end to close 2018 at EUR 17.44. This represents a year-on-year decline of 37.9%.

The average daily trading volume of the PORR share stood at 30,557 shares in 2018. As of 31 December 2018, PORR market capitalisation was EUR 507.4m.

Analyst coverage

The PORR share is currently covered by five brokers. ERSTE Group and SRC Research gave a Buy recommendation. Kepler Cheuvreux, Hauck & Aufhäuser and Raiffeisen Centrobank rated the share as “neutral”.

Share price and trading volumes of the PORR share 2018 (index)



PORR share – stock market indicators

		2018	2017
Price as of 30 December	EUR	17.44	27.84
Year high	EUR	34.50	41.31
Year low	EUR	17.28	22.80
Earnings per share ¹	EUR	2.17	2.09
Dividends per share	EUR	1.10 ²	1.10
Dividend yield	%	6.31 ²	3.95
Payout ratio	%	50.64 ²	52.51
Market capitalisation as of 30 December	EUR m	507.4	810.0
Price-earnings ratio		8.04	13.32
Number of shares in issue as of 31 December	No.	29,095,000	29,095,000

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

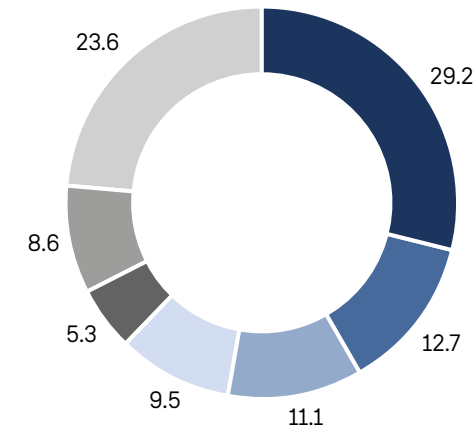
² Proposal to the Annual General Meeting

Shareholder structure (in %)



- Syndicate (Strauss Group, IGO-Ortner Group)
- Free float (of which 5.85% Heitkamp Construction GmbH, 4.05% Wellington Management Group LLP and 3.48% PORR Management and treasury shares PORR AG)

Geographic split of free float (in %)¹



- Austria
- Great Britain
- US
- Germany
- France
- Central and Northern Europe²
- Rest of the world

¹ Including PORR Management and treasury shares PORR AG
² Excluding Austria, Germany, France and Great Britain

Solid shareholder structure

The syndicate (Strauss Group, IGO-Ortner Group) holds the largest percentage of outstanding shares, totalling 53.7%. The latest analysis from January 2019 shows that the free float of 46.3% is primarily split among Austria (29.2%), Great Britain (12.7%) and the USA (11.1%). In addition, investors from Germany hold 9.5% and investors from France 5.3% of the free-float shares.

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. This should allow every stakeholder to make an appropriate assessment of the PORR share on the capital market. Constant, open and credible dialogue with all capital market participants is the most important instrument here. This in turn should further strengthen confidence in the share among analysts and institutional and private investors, both as an attractive growth prospect and as a reliable dividend stock.

In 2018 the management, together with the investor relations team, took part in numerous roadshows in the key financial centres in Austria and Europe including London, Frankfurt, Paris, Munich and Zurich. In addition PORR participated in a range of capital market conferences, engaging in comprehensive one-on-one and group talks with existing and potential investors and financial analysts. Central topics of communication included the Group's performance and growth and its response to the challenges faced by the European construction industry. Private investors were able to get information in person at the Annual General Meeting in May and at the Gewinnmesse – an annual fair for private investors in Vienna – in October.

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

Corporate Governance

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

In December 2014 the PORR Group made a joint formal declaration by the Executive Board and the Supervisory Board committing itself to the observance of the Austrian Code of Corporate Governance. A 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 is conducted at regular intervals. BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft was hired to conduct the assessment for the 2018 business year and confirmed PORR's adherence to the C Rules in its report of 4 February 2019.

In accordance with Rule 36 of the Austrian Code of Corporate Governance, in 2018 the Supervisory Board once again conducted a self-evaluation in the form of a survey which primarily addressed the efficiency of the Supervisory Board, its organisation and its working practices. The findings were then evaluated and discussed by the Supervisory Board.

Comply-or-explain catalogue

Rules 27/30: A core issue for PORR is to ensure that Executive Board remuneration is objectively as measurable and transparent as possible. The Executive Board remuneration contains fixed and variable components which conform to the directives of Rule 27 to the greatest possible extent. The variable component is based on parameters including personal performance, personal dedication, PORR's economic situation and the respective sphere of responsibility, as well as non-financial parameters. The non-financial parameters primarily relate to implementing steps for the further development of PORR's sustainable profitability, which are, however, difficult to subject to objective measurement. 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 38: The PORR Supervisory Board has produced a job profile applied when appointing Executive Board members. Furthermore, the Supervisory Board believes that filling positions from within the company is the result of consistent professional employee development. Thomas Stiegler was appointed to the Executive Board on 6 December 2018. He has held various management positions in the PORR Group since September 2010. Thomas Stiegler fully meets the requirements for the position of Executive Board member through his career, the specialised projects acquired and completed, as well as his strategic competencies arising from his international experience. He was thereby an optimal fit for the job profile of the Supervisory Board.

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

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

The 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 four members. The Supervisory Board can name a member of the Executive Board as Chairman and name one member as the Deputy Chairman.

The members of the Executive Board are appointed by the Supervisory Board for a maximum term of five years. The renewed appointment 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 the types of business which require its approval in addition to the legally stipulated cases (Section 95 Paragraph 5 Stock Corporation Act). The Supervisory Board has issued appropriate rules of procedure for the Executive Board.

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

The Executive Board members must fulfil their responsibilities as their main employment and manage the company’s business with the care of a proper and conscientious manager. They must manage the business in a way which satisfies the interests of the shareholders, the staff members and 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 2018 the following people sat on the Executive Board:

The Executive Board

Name	Date of birth	Position and responsibilities	Member	Appointed until
Karl-Heinz Strauss	27.11.1960	Chairman of the Executive Board and CEO	13.9.2010	31.12.2019
J. Johannes Wenkenbach	26.2.1957	Executive Board member and COO	1.2.2012	31.1.2020
Andreas Sauer	31.10.1968	Executive Board member and CFO	1.2.2018	31.1.2021
Thomas Stiegler	25.8.1965	Executive Board member and COO	6.12.2018	15.12.2021

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

Karl-Heinz Strauss has been Chairman of the Executive Board and CEO at PORR AG since 13 September 2010. As of 31 December 2018 he was responsible on the Executive Board for Risk Management/Compliance, the Office of the Executive Board, Business Unit 1 - A/CH/CZ, Business Unit 4 - Environmental Engineering, Healthcare & Services, along with Internal Audit, Corporate Communications, Investor Relations & Strategy Legal Affairs, Human Resources, Quality Management, M&A, Integration and PORR Design & Engineering.

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

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

Dipl.-Bw (FH) Thomas Stiegler, born on 25 August 1965 in Karlsruhe, Germany, worked for KPMG after completing his studies in business administration before starting his international career at Bilfinger SE in 1993. Until 2010 he held various management positions in the international construction business in Asia, Europe, the MENA region and North America. In 2010 he took over as Head of Business Unit 3 - International at PORR Bau GmbH. In addition to the GCC region, he is responsible for the Group's activities in Eastern Europe and the Northern European countries.

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

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

J. Johannes Wenkenbach was appointed as a regular Executive Board member and COO of PORR AG on 1 February 2012. As of 31 December 2018 he was responsible on the PORR Executive Board for Risk Management/Compliance, Business Unit 2 – Germany, as well as for Occupational Health & Safety, Innovation & Knowledge Management 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 2018

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

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 2018

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 ²	Chairman of the Supervisory Board
	PORR SUISSE AG	President of the Administrative Board
J. Johannes Wenkenbach	PORR AG ¹	Executive Board member
	Porr Deutschland GmbH ²	Managing Director
	PORR S.A.	Supervisory Board member
	PORR Management GmbH	Managing Director
	PORR Oevermann GmbH	Chairman of the Supervisory Board
Andreas Sauer	PORR AG ¹	Executive Board member
	PORR Bauindustrie GmbH	Managing Director
	PORR Financial Services GmbH	Managing Director
	PORR Bau GmbH	Deputy Chairman of the Supervisory Board
	PORR Construction Holding GmbH	Deputy Chairman of the Supervisory Board
	Porr Deutschland GmbH ²	Supervisory Board member
	PORR S.A.	Supervisory Board member
Thomas Stiegler	PORR AG ¹	Executive Board member
	G. Hinteregger & Söhne Baugesellschaft m.b.H.	Deputy Chairman of the Supervisory Board
	PORR Bau GmbH	Supervisory Board member
	PORR S.A.	Chairman of the Supervisory Board
	Porr Construction LLC under liquidation	Managing Director

¹ Listed on the stock exchange

² Converted into PORR GmbH & Co. KGaA with effect from 16 January 2019

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 2018 the Group's Supervisory Board consisted of eight members appointed by the AGM and four further members appointed by the Works Council. As long as the AGM has not specified a shorter term when appointing one or all members, the Supervisory Board members are appointed until the end of the AGM 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 2018 the Supervisory Board held five regular Supervisory Board meetings. The Chairman determines the form of the meeting, the way in which resolutions may be passed outside of meetings and the method of counting votes. The Executive Board members attend all meetings of the Supervisory Board and its committees, as long as the Chairman of the meeting does not determine otherwise.

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

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

Resolutions are passed by simple majority of votes cast. Abstentions are not counted as votes cast. In the case of a tie – also in elections – the Chairman has the casting vote. Every Deputy Chairman acting in the capacity of the Chairman's representative has a casting vote in resolutions and elections; this also applies to committee chairmen.

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

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

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

Composition of the Supervisory Board

The following table shows the current members of the Supervisory Board in 2018, 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 ³	12.8.1944	Chairman of the Supervisory Board ²	6.12.2012	AGM 2019 ¹
Klaus Ortner	26.6.1944	Deputy Chairman of the Supervisory Board ²	30.7.1998	AGM 2019 ¹
Michael Diederich ^{3,4,7}	28.8.1965	Member	22.5.2014	29.5.2018 ⁵
Robert Grüneis ^{3,4}	22.5.1968	Member	22.5.2014	AGM 2019 ¹
Walter Knirsch ^{3,4}	8.2.1945	Member	6.12.2012	AGM 2019 ¹
Iris Ortner, MBA	31.8.1974	Member	27.5.2010	AGM 2019 ¹
Bernhard Vanas ³	10.7.1954	Member	6.12.2012	AGM 2019 ¹
Susanne Weiss ^{3,4}	15.4.1961	Member	6.12.2012	AGM 2019 ¹
Thomas Winischhofer	26.5.1970	Member	29.5.2008	AGM 2019 ¹
Peter Grandits ⁶	9.12.1959	Member	13.9.2001	29.5.2018 ⁵
Gottfried Hatzenbichler ⁶	17.12.1971	Member	26.6.2017	n/a
Michael Kaincz ⁶	31.1.1960	Member	9.6.2011	n/a
Wolfgang Ringhofer ⁶	15.2.1971	Member	26.6.2017	n/a
Michael Tomitz ⁶	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 the 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 Has declared him/herself independent in line with C Rule 53 of the Austrian Code of Corporate Governance

⁴ 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

⁵ Date of leaving the Board

⁶ Appointed by the Works Council

⁷ Did not attend more than half of the Supervisory Board meetings as defined by C Rule 58 of the Austrian Code of Corporate Governance prior to his departure

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 2018

Name	Company	Position
Karl Pistotnik	SDN Beteiligungs GmbH	Chairman of the Supervisory Board
Klaus Ortner	ELIN GmbH	Chairman of the Supervisory Board
	UBM Development AG ¹	Supervisory Board member
Robert Grüneis	Philips Austria GmbH	Supervisory Board member
	Energie Burgenland AG	Supervisory Board member
Walter Knirsch	Finanzmarktaufsicht (FMA) ²	Supervisory Board member
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 2018 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 2018:

- Karl Pistotnik (Chair)
- Klaus Ortner
- Michael Diederich (until 29 May 2018)
- Bernhard Vanas (financial expert as defined in Section 92 Paragraph 4a Stock Corporation Act)
- Thomas Winischhofer
- Peter Grandits (until 29 May 2018)
- Michael Kaincz
- 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 No. 537/2014 and Section 271a Paragraph 6 of the Austrian Commercial Code apply); (v) producing the report on the results of the audit to the Supervisory Board and a statement on how the audit has contributed to the reliability of financial reporting and the role of the audit committee; (vi) assessing the annual financial statements and preparing for their approval, assessing the proposal for appropriation of profits, the Management Report and the

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

A meeting of the audit committee, in the presence of the auditor, was held on 18 April 2018, in which the auditor reported on the state of the audit of the individual and consolidated financial statements as of 31 December 2017. An audit committee meeting was held on 25 April 2018, in the presence of the auditor, for the purpose of auditing and preparing the approval of the consolidated financial statements as of 31 December 2017 as well as auditing the Management Report, the Corporate Governance Report, the report on payments to government entities, the consolidated non-financial report, the consolidated financial statements as of 31 December 2017 including the Group Management Report and the proposal on the appropriation of profits as well as the authorisation by the auditor of non-audit services in accordance with the EU Audit Reform Legislation. At the same meeting, the Supervisory Board selected the auditor for the individual and consolidated financial statements as of 31 December 2018. In a meeting on 19 September 2018 the committee dealt with monitoring the financial reporting process, evaluating the effectiveness of the internal control system, the internal audit system and risk management within the Group. Furthermore, the auditor reported on the audit planning for the individual and consolidated financial statements as of 31 December 2018. An additional meeting of the audit committee, in the presence of the auditor, was held on 12 November 2018 in accordance with Rule 81a of the Austrian Code of Corporate Governance, in which the monitoring of the (Group) audit was discussed. This meeting also gave the audit committee and the (Group) auditor the chance to communicate without the presence of the Executive Board. In a meeting on 6 December 2018, the audit committee, in the presence of the auditor, addressed the report of the (Group) auditor on the functioning of risk management in accordance with Rule 83 of the Austrian Code of Corporate Governance and the internal audit report, including discussions on the audit plan and the material findings, in accordance with Rule 18 of the Austrian Code of Corporate Governance.

Nomination committee

The nomination committee was composed of the following Supervisory Board members in 2018:

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

The nomination committee has the following responsibilities: (i) preparing Executive Board appointments including successor planning: before appointing Executive Board members, the nomination committee shall define the profile for the Executive Board member taking into account the corporate strategy and state of the company and prepare the decision by the full Supervisory Board on the basis of a specific appointment process and taking into account 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 3 December 2018 and dealt with issues relating to the Executive Board.

Remuneration committee

The remuneration committee consisted of the following members in 2018:

- 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 18 April 2018, which dealt with determining and expanding the parameters for measuring variable remuneration and with the contractual conditions for employment contracts for members of the Executive Board of PORR AG. It also addressed awarding a special bonus to the departing member of the Executive Board, Christian B. Maier, along with his termination agreement. Another meeting of the remuneration committee was held on 3 December 2018, which dealt with determining a special bonus for Executive Board member J. Johannes Wenkenbach and laying out the parameters for an employment contract for the newly appointed Executive Board member Thomas Stiegler.

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 2018 was EUR 616,000.00 gross for the Chairman of the Executive Board and EUR 404,000.00 gross for Executive Board member Andreas Sauer and EUR 440,000.00 gross for J. Johannes Wenkenbach.

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

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

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

Remuneration policy principles for significant consolidated companies

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

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

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

Principles governing the share option programmes in the company

In the 2018 business year there were no share option programmes in the company.

Executive Board remuneration

in EUR	Salary 2018	Variable bonus	Pension fund
Karl-Heinz Strauss	750,000.00	616,000.00	39,183.97
J. Johannes Wenkenbach ¹	500,000.00	515,000.00 ²	40,000.00
Andreas Sauer ¹	458,333.00 ³	404,000.00	37,143.00 ³
Thomas Stiegler	34,914.00 ³	⁴	2,796.00 ³

¹ Health insurance contributions: J. Johannes Wenkenbach: EUR 5,767.00/year; Andreas Sauer: EUR 7,882.00/year

² Of which EUR 75,000.00 as a special bonus for the management of PORR Deutschland GmbH with effect from 1 July 2018

³ Pro rata 2018

⁴ As of the 2019 business year

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 Super-

visory Board: the resolution states that the Chairman of the Supervisory Board shall receive fixed remuneration of EUR 25,000.00 per year, the Deputy Chairman of the Supervisory Board shall receive fixed remuneration of EUR 20,000.00 per year and the other members shall receive fixed remuneration of EUR 15,000.00 per year. The attendance fee for meetings was set at EUR 1,000.00 per meeting of the Supervisory Board or one of its committees. Members of the Supervisory Board who do not reside in Austria receive an additional reimbursement of tax at source settled by the company. The fixed remuneration is due in arrears once a year, within four weeks of the AGM. The attendance fee for meetings is due within the four weeks following the respective Supervisory Board meeting.

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

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

Supervisory Board remuneration in 2018

in EUR	Fixed remuneration ¹	Attendance fee for meetings ²
Michael Diederich	6,123.29	0.00
Robert Grüneis	15,000.00	5,000.00
Walter Knirsch	15,000.00	5,000.00
Iris Ortner	15,000.00	5,000.00
Klaus Ortner	20,000.00	7,000.00
Karl Pistotnik	25,000.00	7,000.00
Bernhard Vanas	15,000.00	6,000.00
Susanne Weiss	15,000.00	4,000.00
Thomas Winischhofer	15,000.00	6,000.00

¹ Payout four weeks after the AGM

² The attendance fee for meetings is EUR 1,000.00 per session.

Diversity in the PORR Group

The permanent changes and challenges of our world of work demand a modern, forward-looking corporate culture that focuses on the wellbeing of every employee. This is even more true in the construction industry and in PORR,

where many skilled staff from different countries work together. As a future-oriented employer, PORR knows that the key to success lies in diversity and that targeted employee measures strengthen the motivation, performance, potential for innovation and social skills of staff members, thereby contributing to greater corporate success.

This diversity in terms of culture and staff – more than 73 nations are currently represented at PORR – is highly valued and proactively promoted. The goal of the internal diversity initiative “We@PORR” is ensuring equal opportunities and fair treatment on the one hand, regardless of skin colour, nationality, social background, any disabilities, sexual orientation, political or religious convictions, as well as gender or age at every level and country. On the other hand, better conditions for a work/life balance need to be secured as well. Both of these goals play a key part in sustainably increasing the company’s success. In addition, PORR supports national and international initiatives such as respACT (Austrian business council for sustainable development) and Companies for Families. It is a signatory of the Diversity Charter and the UN Global Compact and has made a clear commitment to the Sustainable Development Goals. The maxim of equal opportunities for all staff members is also reflected in the broad range of opportunities PORR offers for further education and professional development. Individual support and a focus on further development and enhancing skills mean that the personal potential of every employee is exploited as effectively as possible. Concepts that help to promote cooperation based on mutual respect include intercultural training, diversity courses for management and the five new PORR Principles.

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

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

Composition of the Executive and Supervisory Boards of the PORR Group

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

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

In light of the 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 four men of different nationalities. Their ages range between 50 and 62. They have a professional and educational background in technology/engineering/construction and/or commerce.

Two of the eight shareholder representatives on the Supervisory Board of PORR AG are women. The shareholder representatives are between 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

Women are underrepresented at PORR as is common across the industry. Promoting women at every level of the hierarchy is an important goal for PORR and the companies included in the consolidated group, while simultaneously representing a major challenge. The reasons for the low number of women lie in the fact that although the number of young women choosing technical subjects is increasing, it is still far from sufficient. On the other hand, the construction industry is rarely the first port of call for those that have just graduated in terms of their professional future.

In order to overcome this challenge, PORR has adopted a two-pronged approach. The female managers of the future need to have their passion for the construction industry ignited as early as possible. Targeted employer branding measures such as taking part in “Vienna Daughters’ Day”, “Apprentice Day” and the roadshow “PORR@HAK” give an insight into apprenticeships, technical and commercial vocations and graduate positions, thereby presenting the construction sector as an attractive option for women. Furthermore, there is an increased focus on female students at career fairs.

Internally, the “We@PORR” initiative is contributing to meeting targets. The measures implemented have already been reflected in an increase in the percentage of women during the period under review. A better balance between one’s professional and private life has also enabled part-time workers – and thereby increasingly women – to take on greater managerial responsibility. In addition, the increase in women in the operating business should lead in the medium term to a pool of qualified women ready to move on to upper management. At present, female managers are active in the PORR Group at various levels of the organisation, for example as division heads, managing directors, authorised signatories and two female members of the Supervisory Board.

The “We@PORR” catalogue of measures includes more flexible working-hours models such as home office and

sabbaticals, as well as proactive management of parental leave such as promoting paternity leave and professional development opportunities during parental leave. What’s more, employees can maintain contact during their parental leave via smartphone or laptop and make the most of a comprehensive range of services for families and home care. Initiatives here include the Kids Days (childcare when schools are closed), the Adventure Camp (childcare during the summer holidays), the Parent-Child Office for childcare emergencies, as well as PORR nursing leave and PORR Care+ insurance.

Another focal point is on the two company networks “Diversity Table” and “Women@PORR”. While the “Diversity Table” aims to raise awareness of the diversity-specific core dimensions and promote cooperation based on mutual respect, the goal of “Women@PORR” is stronger networking and a more intensive exchange of experience among female colleagues. This is why best-practice examples are presented regularly along with female role models who report on their working lives and give tips. In addition, the training for women, which is primarily targeted at developing skills, focusing on strengths and promoting personal initiative, is now moving into its next phase with Module 2. 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. Furthermore, the successfully completed pilot project “Mentoring for women” has been rolled out to the whole of Austria. With female mentees making up a minimum of 50%, high potentials are nurtured in a targeted way. In order to increase the percentage of women in training to become the next generation of managers, current managers are being asked to place a stronger focus on female candidates when selecting participants. In addition, diversity training for managers is successfully raising awareness of the issue.

Report on payments to government entities

In 2018 payments in a minor amount were made to government entities by Group subsidiaries operating in the extractive industries. As a result of the inclusion in the Group tax group and the profit-and-loss transfer agreements concluded, no corporation tax was paid. Reference is made to the application of the simplified option pursuant to Section 243d Paragraph 5 of the Austrian Commercial Code.

Supervisory Board Report

In 2018 PORR continued its positive performance and implemented a range of key steps in order to sustainably safeguard its achievements well into the future. In addition to the positive economic growth, important groundwork was laid in terms of both structure and personnel. The Supervisory Board expressly welcomes these decisions and is grateful to the Executive Board and the staff for their dedication.

The strong growth in output of around 18% reflected the high order intake secured in recent years. Despite working off these orders, the order backlog increased significantly once again. The Supervisory Board is particularly pleased with the good mix of large-scale projects such as the Brenner Base Tunnel and numerous permanent contracts from clients with a good credit standing. In terms of operations, it should also be noted that the turnaround announced for Germany has also actually been realised and that the further prospects on this most important foreign market are also positive.

Regarding personnel, the nomination committee of the Supervisory Board nominated Thomas Stiegler as a member of the Executive Board and new COO of PORR AG as of 3 December 2018. The Supervisory Board particularly welcomes the fact that this position was filled from within the company's own ranks, as its members had already been impressed in the past by the skills and competencies of the new COO. The Supervisory Board wishes Thomas Stiegler all the very best for his future at PORR.

In organisational terms, the start of the year has seen PORR introduce a new structure with a concentration on just three business units. As part of a major transformation process, which PORR has been engaged in for a year and extends to every aspect of the company, the new structure will facilitate a greater focus on the core competencies. In addition to this transformation process, the Supervisory Board sees the cultural plan, which got into full swing in 2018, as delivering particularly important stimuli for the future.

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 by members that had been elected by the AGM was 88.4%.

The Supervisory Board's nomination committee unanimously nominated Thomas Stiegler for the position of COO of PORR AG on 3 December 2018. Following this, in its meeting of 6 December 2018, the Supervisory Board appointed Thomas Stiegler (54) as a member of the Executive Board and COO of PORR AG, effective 6 December 2018. After graduating in Business Administration, Thomas Stiegler was employed at KPMG before starting his international career in 1993 at Bilfinger SE. Until 2010 he held various management positions for the company's international construction business in Asia, Europe, the MENA region and North America. In 2010 he took over as Head of the Business Unit International at PORR.

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 2019 business year.

Supervisory Board committees

In 2018 the Supervisory Board formed the following committees made up of its members in order to support and deal efficiently with complex issues:

Audit committee

A meeting of the audit committee, in the presence of the auditor, was held on 18 April 2018, in which the auditor reported on the state of the audit of the individual and consolidated financial statements as of 31 December 2017.

An audit committee meeting was held on 25 April 2018, in the presence of the auditor, for the purpose of auditing and preparing the approval of the consolidated financial statements as of 31 December 2017 as well as auditing the Management Report, the Corporate Governance Report, the report on payments to government entities, the consolidated non-financial report, the consolidated financial statements as of 31 December 2017 including the Group Management Report and the proposal on the appropriation of profits as well as the authorisation by the auditor of non-audit services in accordance with the EU Audit Reform Legislation. At the same meeting, the Supervisory Board selected the auditor for the individual and consolidated financial statements as of 31 December 2018.

In a meeting on 19 September 2018 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 auditor reported on the audit planning for the individual and consolidated financial statements as of 31 December 2018.

An additional meeting of the audit committee, in the presence of the auditor, was held on 12 November 2018 in accordance with Rule 81a of the Austrian Code of Corporate Governance, in which the monitoring of the (Group) audit was discussed. This meeting also gave the audit committee and the (Group) auditor the chance to communicate without the presence of the Executive Board.

In a meeting on 6 December 2018, the audit committee, in the presence of the auditor, addressed the report of the (Group) auditor on the functioning of risk management in accordance with Rule 83 of the Austrian Code of Corporate Governance and the internal audit report, including discussions on the audit plan and the material findings, in accordance with Rule 18 of the Austrian Code of Corporate Governance.

Nomination committee

The nomination committee met on 3 December 2018 and dealt with issues relating to the Executive Board.

Remuneration committee

A meeting of the remuneration committee was held on 18 April 2018, which dealt with determining and expanding the parameters for measuring variable remuneration and with the contractual conditions for employment contracts for members of the Executive Board of PORR AG. The committee also addressed the granting of a special bonus and the conclusion of a termination agreement with departing Executive Board member Christian B. Maier.

A meeting of the remuneration committee was held on 3 December 2018 to decide on a special bonus for the Executive Board member J. Johannes Wenkenbach and determine the parameters of the employment contract for the newly appointed Executive Board member Thomas Stiegler.

Annual and consolidated financial statements 2018

The annual financial statements of PORR AG as of 31 December 2018, 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 2018 in accordance with International Financial Reporting Standards (IFRS, as applied in the EU) and the Group Management Report, were audited by BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. The audit, based on the bookkeeping and documentation of the company as well as the explanations and documentation provided by the Executive Board, revealed that the bookkeeping records and the annual financial statements and consolidated accounts complied with the legal requirements and provided no cause for complaint. The Management Report and Group Management Report accord with the annual and consolidated financial statements. The Group has produced a special consolidated non-financial report and a consolidated Corporate Governance Report. The aforementioned audit company has therefore issued an unqualified audit opinion for the annual and consolidated financial statements.

The audit report prepared by the auditor, the Corporate Governance Report, the report on payments to government entities, the Executive Board's proposal on the appropriation of net profit, and the special consolidated non-financial report were dealt with in detail with

the auditors in a dedicated meeting on 25 April 2019 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 32,039,425.03 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 2018 and the Management Report, the Corporate Governance Report, the report on payments to government entities, the special consolidated non-financial report and the proposal of the Executive Board regarding the appropriation of net profits following intensive discussion and auditing. The annual financial statements as of 31 December 2018 have thus been adopted. The audit committee and the Supervisory Board also approved the consolidated accounts for 2018 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 2019, Vienna

Karl Pistotnik, m.p.
Chairman of the Supervisory Board





Brenner Base Tunnel

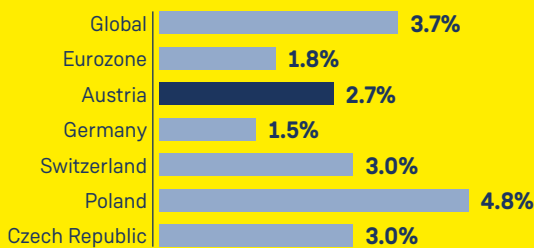
Tunnelling
Pfons | Austria
Tunnel length: around 18km
Construction period: 2018–2024

.building.master

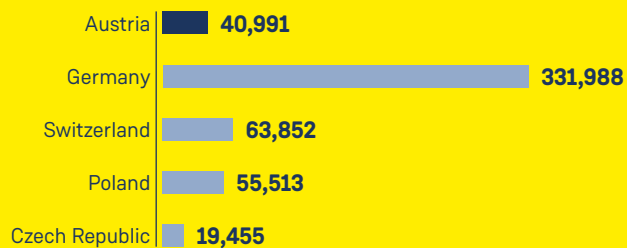
.pieces .building.

Group Management Report

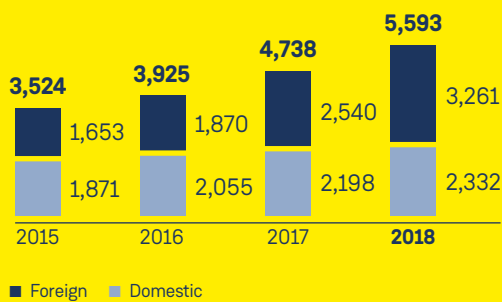
GDP growth in 2018
(in %)



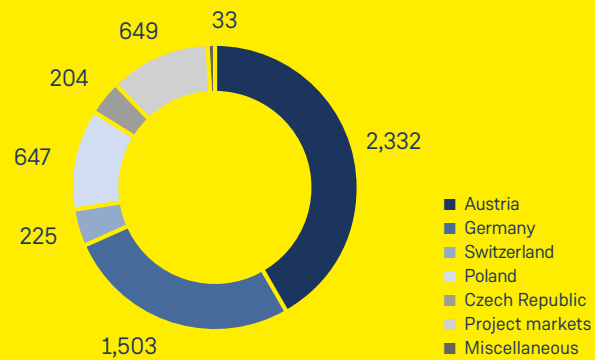
Construction volumes in 2018
(in EUR m)



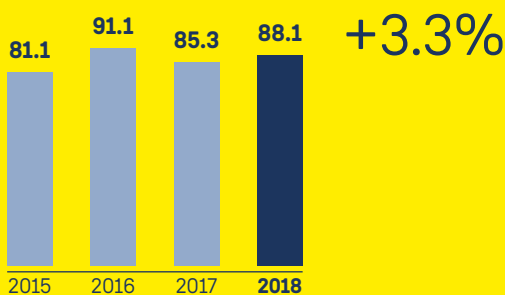
Production output, domestic and foreign
(in EUR m)



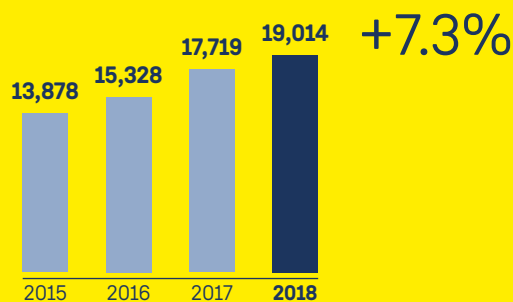
Production output by market
(in EUR m)



EBT (in EUR m)



Average staffing levels



Markets and Performance

Economic Environment

There was a mixed picture for the global economy in 2018. While the USA performed better than the previous year thanks to the tax reform and higher public spending, Europe lost momentum. The main factors behind this slowdown were the trade conflict between the USA and China, uncertainty surrounding Brexit, and turbulence in Italy. According to the International Monetary Fund (IMF), overall global GDP growth reached 3.7% in 2018, matching the level of the previous year.¹

GDP in the USA displayed robust growth of 2.9%². Drivers here included the tax reform at the beginning of 2018, which boosted consumer spending in particular. In contrast, the four interest rate hikes had the effect of retarding growth. At year-end the benchmark interest rate stood at 2.25% to 2.50%³.

Global economic concerns and ongoing anxiety surrounding Brexit hampered growth in the eurozone, which stood at 1.8% in 2018 according to the IMF⁴. Despite slower growth rates, experts continue to forecast a continuation of the moderate growth phase for the eurozone. The European Central Bank (ECB) left its prime rates unchanged at 0.0%⁵. Both private and public investments benefited from the ongoing low interest rate environment. Eurozone unemployment was at a historic low of 7.9% in December 2018. Employment reached a record level.⁶

In Germany GDP climbed by 1.5% against the previous year, rising for the ninth time in a row – albeit at a slower pace. Private and public spending, increased investment by companies and the construction boom all contributed to this surge. In contrast, exports failed to act as a growth driver due to the decline in foreign demand.⁷

Economic growth in Austria remained in full swing in 2018 and proved exceptionally robust. Experts have estimated full-year growth of 2.7%⁸ for 2018, the same level as the previous year. The stable domestic economy and foreign trade delivered significant positive impacts⁹. Austria was thereby above the European average.

In the CESEE countries, the economy continued its growth trajectory. Investments financed by the European Cohesion Fund drove economic output, as did decreasing unemployment rates. Against this backdrop, Polish GDP grew by 4.8% in the year under review. The performance in the Czech Republic was also positive with growth of 3.0%.¹⁰

Developments in the Construction Industry

Growth in the European construction sector continued in 2018, albeit at a slower pace. With a plus of 2.8%, growth was well below the previous year's level of around 4.1% according to Euroconstruct. That said, the growth trend was in the right direction – by 2020 experts expect a cumulative rise of around 5.0%. Growth may slow down, but it will remain at a high level overall. Subdued expectations are broadly due to the strong capacity utilisation in the construction industry, the ongoing lack of skilled labour, as well as a sharp increase in prices for building materials and logistics.¹¹

In 2018 the growth focus shifted from building construction to civil engineering. While growth in building construction was significantly slower in 2018 than in previous years, civil engineering volumes in the Euroconstruct countries rose by 5.0%. Experts expect the expansion in civil

¹ International Monetary Fund, WEO January 2019

² Ebenda

³ Federal Reserve, January 30, 2019

⁴ International Monetary Fund, WEO January 2019

⁵ European Central Bank, Statistical Data Warehouse, February 2019

⁶ Eurostat

⁷ Statistisches Bundesamt Deutschland, Januar 2019

⁸ OeNB, Gesamtwirtschaftliche Prognose der OeNB für Dezember 2018

⁹ WIFO Monatsbericht 1/2019

¹⁰ OeNB, Konjunktur aktuell, Jänner 2019

¹¹ Euroconstruct, November 2018

engineering volumes to continue to 2021, driven by the need to expand and extend traffic and transport infrastructure. Countries in Central and Eastern Europe are the strongest beneficiaries and will receive funding from the EU Structural Funds until 2020. This means that the prospects for traffic route infrastructure look particularly bright.¹²

Building construction reported an overall increase of 2.3%. The rate of new-build housing saw growth of 5.5%, which was practically half that of the previous year. In this area Euroconstruct expects a further levelling off. Non-residential construction only grew moderately in Western Europe, while there was strong growth in Eastern Europe of 10.2%.¹³

With growth in construction volumes of 2.3%, Austria was above the Western European average according to Euroconstruct. Positive impacts here came from new-build residential construction in particular, rising by 2.7%. That said, this high growth level in building construction is unlikely to continue in the medium term and civil engineering will take over as the driving force in the future.¹⁴

Germany maintained its high level with EUR 332 bn in construction volumes. Experts report that the growth tempo slowed in 2018 to 1.3%. Capacity bottlenecks for skilled labour and subcontractors, coupled with high construction costs, dampened expectations for 2019. According to Euroconstruct, Eastern Europe is set to see further growth of around 9.1% in 2019, with growth rates of 10.1% and 6.9% for Poland and the Czech Republic respectively.¹⁵

Development of Output

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

In 2018 production output of EUR 5,593m was 18.0% higher than the previous year's value (2017: EUR 4,738m.). All four business units contributed to the increase of EUR 855m. Particularly strong contributors were projects

in Polish civil engineering, structural engineering and PORR Oevermann.

Business Unit 1 – Austria, Switzerland, Czech Republic (BU 1) generated production output of EUR 2,741m. It thereby achieved a year-on-year increase of EUR 313m or 12.9%.

Especially positive impacts – including from acquisitions – came from the Czech Republic and the sector of large-scale building construction projects. The highest growth in Austria came from the provinces of Vienna, Styria and Salzburg. Output in Switzerland also underwent positive growth.

In Business Unit 2 – Germany (BU 2), the production output of EUR 927m was significantly higher than the previous year (2017: EUR 741m). The growth of EUR 186m represented an increase of 25.0%. The high level can be broadly attributed to the dynamic expansion of recent years, especially the effect of consolidating PORR Oevermann, which has now been fully realised. In addition, structural engineering and building construction by the South branch office reported significant increases in output.

With production output of EUR 1,617m, Business Unit 3 – International (BU 3) achieved a rise of EUR 309m or 23.7%. Here Poland and Slovakia experienced the strongest growth. The output of the tunnelling division achieved a similar increase.

Business Unit 4 – Environmental Engineering, Healthcare & Services (BU 4) generated production output of EUR 244m. This corresponds to a rise of 8.1% or EUR 19m. The majority was generated by PORR Umwelttechnik.

PORR is firmly rooted on its five home markets. EUR 4,911m or 87.8% of total production output was generated on these markets. At 41.7%, Austria remained the most important PORR market. This was followed by Germany, which accounted for 26.9% and generated production output of EUR 1,503m. Poland contributed 11.6% of output – boosted by EU subsidies in road and rail construction – and displayed strong momentum. Switzerland and the Czech Republic contributed 4.0% and 3.6% respectively of total output.

Order Balance

With new large-scale projects in infrastructure – especially in transport and traffic construction and structural

¹² Euroconstruct, November 2018

¹³ Ebenda

¹⁴ Ebenda

¹⁵ Ebenda

engineering projects in Germany – the order backlog reached a new record high. It stood at EUR 7,100m and thereby exceeded the record level of the previous year by 11.5%. The order intake held steady with slight growth of 0.4% to total EUR 6,326m. This reflects the consistent selective approach to acquiring orders. As before, the cushion of orders exceeds a single year's production.

The improvement in the order backlog extended to every business unit. At EUR 2,158m, BU 1 achieved a slight increase of 2.9% or EUR 61m. The order backlog of BU 2 was just as pleasing. With a value of EUR 1,568m, it rose by 4.6% or EUR 69m. At year-end BU 3 had an order backlog of EUR 3,150m – a strong plus of EUR 589m or 23.0%. One particular factor behind the growth was the acquisition of the large-scale project the Brenner Base Tunnel. The largest relative increase came from BU 4 – also because of the well-filled order books of PORR Umwelttechnik. The order backlog stood at EUR 184m, thereby climbing by 48.1% or EUR 60m.

The order intake remained stable. BU 1 was able to slightly increase the high level of the previous year to EUR 2,802m. In line with the selective approach to order acquisition, the order intake of BU 2 slipped back to EUR 995m. BU 3 achieved EUR 2,207m partly thanks to civil engineering contracts, while BU 4's order intake stood at EUR 303m.

The highest-volume order for the year 2018 was the tender for the largest tunnelling contract in Austrian history – the Brenner Base Tunnel. The approximately 18km-long lot has a pro rata project volume of EUR 531m. Also on its Austrian home market, PORR was awarded the project to renew the railway station for long-distance travel, Mürzzuschlag. Other important orders in Austria included the construction of the office complex QBC 1 + 2, as well as the refurbishment and extension of the Austrian Parliament. On its home market of Germany, PORR acquired numerous large-scale projects in residential and industrial construction. In structural engineering, the contract for building the FAIR particle accelerator was acquired in Darmstadt with a project volume of EUR 207m. In civil engineering PORR won the tender for the Töging power plant, a large-scale order requiring cross-border cooperation. One significant order for PORR Suisse was the 80m-high Franklin Tower at Oerlikon Station in Zurich. In Poland PORR secured numerous projects in infrastructure and hydraulic engineering. The largest road construction contract of the year involved the design and build of the S3 between Bolków and Kamienna Góra with a project volume of around EUR 290m.

Financial Performance

In 2018 the consolidated revenue of the PORR Group climbed by EUR 666.2m to EUR 4,959.1m. The rise in revenue of 15.5% was slower than the increase in production output as there was a disproportionately strong rise in output from 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 rose comparatively sharply in 2018 to EUR 60.3m (2017: EUR 35.3m), the earnings from associates and joint ventures saw a moderate increase to EUR 26.3m (2017: EUR 23.9m).

The PORR Group's other operating income increased more slowly than revenue, climbing by 7.6% to EUR 183.9m. In comparison to 2017 this contained higher charges passed on to associates – especially for projects in Qatar – as well as income from the sale of assets. A countereffect to this increase came from the decline in other operating expenses, which in 2017 included damages received in the course of realising construction contracts, as is common in the industry.

Materials and other related production services represent the highest cost factor in terms of expenses. 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 17.6%, representing a slightly sharper increase than revenue growth. This was caused by the rise in costs for subcontractor services in certain countries, due to economic factors. The individual components underwent the following changes: while the percentage of revenue attributed to expenditure on purchased services rose by 0.9 PP year-on-year, the share of material costs together with staff expense remained constant. Expenditure on purchased services amounted to EUR 2,394.4m (2017: EUR 2,034.7m), while material expenses were EUR 1,068.3m (2017: EUR 909.3m).

In 2018 staff expense saw a slower increase than the growth in revenue, climbing by 13.8% to EUR 1,178.8m. This contrasted with a mere 7.3% rise in the average number of staff employed.

Compared to the previous year, other operating expenses underwent an overall increase that was slower than

the rise in revenue. This highly varied item totalled EUR 373.9m, which climbed by 7.9% 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 legal and consultancy services and for insurance were above the level of the previous year.

EBITDA improved by 9.4% or EUR 18.8m against the previous year to EUR 219.5m. The EBITDA margin therefore amounted to 4.4% (2017: 4.7%).

Depreciation, amortisation and impairment increased by 15.1% to EUR 127.1m because of higher investments resulting from the increase in revenue.

EBIT thereby stood at EUR 92.3m, which was EUR 2.1m higher than the previous year's value of EUR 90.2m.

The financial result improved slightly by EUR 0.7m as a result of the slight rise in income from equity interests to total EUR -4.2m.

In the period under review EBT reached EUR 88.1m (2017: EUR 85.3m). Taking into account the proportionate, slight, year-on-year decrease in tax expense of EUR 21.9m (2017: EUR 21.6m), the consolidated profit amounted to EUR 66.2m, which was slightly above the previous year's value of EUR 63.7m, with an increase of 3.9% or EUR 2.5m.

Financial Position and Cash Flows

As of 31 December 2018 the PORR Group's total assets stood at EUR 3,114.7m and thereby rose by EUR 229.9m or 8.0% against the previous year as the result of the increase in revenue and the acquisition of Alpine Bau CZ a.s.

Under non-current assets, property, plant and equipment underwent a particularly sharp rise of EUR 54.0m to EUR 666.8m due to investments in construction equipment and additions of the technical facilities of Alpine Bau CZ a.s. There was a significant increase from EUR 31.4m to EUR 93.2m among the interests in companies accounted for under the equity method, including through the purchase of Alpine Bau CZ a.s. and its equity-method interests. Loans and borrowings rose by EUR 25.0m to EUR 48.8m – mostly because of project financing. The payback of the UBM mezzanine loan led to a decrease in other financial assets to EUR 41.6m (2017: EUR: 94.6m),

while the other balance sheet item held steady. This led to an overall increase in non-current assets of EUR 67.0m to EUR 1,104.1m.

Current assets rose by a total of EUR 163.0m as of 31 December 2018. The disproportionately low increase in trade receivables as compared to revenue, from 12.3% to EUR 1,461.7m, was based on the continuous improvement in working capital management. The rise in other receivables and assets of EUR 40.1m resulted from the prepayments for suppliers and from tax receivables. This contrasted with a decrease in cash and cash equivalents of EUR 39.0m to EUR 319.7m.

The equity ratio stood at 19.9% as of 31 December 2018 and was thereby 0.8 PP below the previous year. Nevertheless, equity increased in absolute terms (EUR 64.3m), while the dividends paid out in the amount of EUR 44.2m had a contrasting effect. Overall, equity rose by EUR 21.2m to EUR 618.2m.

Trade payables increased practically in proportion to trade receivables by 11.9% or EUR 122.3m to EUR 1,154.4m. Other liabilities grew by EUR 81.5m to EUR 449.1m as it was possible to demand higher prepayments on construction projects. Overall, current liabilities rose by EUR 222.2m to EUR 1,922.9m.

Non-current liabilities fell by EUR 13.4m to EUR 573.6m. The reclassification of a bond due in 2019 to current liabilities was one factor in the decline in the item bonds and *Schuldscheindarlehen* by EUR 58.1m to EUR 175.6m. There was a contrasting effect from the increase in lease financing leading to a rise in finance liabilities of EUR 188.1m (2017: EUR 147.1m).

As of 31 December 2018, the PORR Group's net debt (total of bonds and financial liabilities less cash and cash equivalents and securities in current assets) stood at EUR 150.2m (2017: EUR 147.4m).

While operating cash flow of EUR 168.7m remained broadly constant (2017: EUR 170.0m), cash flow from operating activities saw a significant increase on 2017, rising by EUR 202.2m to EUR 186.3m. Consistent working capital management facilitated a significant reduction in the increase in receivables, which was also offset by the rise in trade payables.

The lower acquisition activity compared to the previous year is reflected in cash flow from investment activities. In addition, the repayment of the UBM mezzanine loan had

a positive impact. Cash flow from investment activities improved by EUR 141.2m to EUR -68.7m.

Cash flow from financing activities of EUR -154.8m shows the inflow from redeeming a bond (EUR 46.9m) and the payout of dividends (EUR 43.0m). Significant effects also came from the roll-over and partial repayment of *Schuldscheindarlehen* and credit financing.

As of 31 December 2018, cash and cash equivalents totalled EUR 319.7m (2017: EUR 358.7m).

Investments

In the 2018 business year a larger investment was made in a ballast cleaner in addition to the usual high investments to replace machinery and construction site equipment and to buy new equipment.

Investment activity is measured by applying the CAPEX indicator (capital expenditure). This includes investments in intangible assets, property, plant and equipment, and assets under construction including finance leases. CAPEX increased year-on-year by EUR 2.1m to EUR 176.5m. This resulted in a CAPEX ratio of 3.2% in relation to production output (2017: 3.7%).

The detailed audit of investment needs in the entire Group continued to be upheld.

Research and Development

Developing innovative solutions is an intrinsic part of the design process as well as the actual construction process. PORR is striving for technological leadership in many areas of construction technology. In 2018 PORR employed around 100 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 PORR department of Technology Management and Innovation (PTI) serves as a contact point offering comprehensive consulting and support for every innovation question.

The importance of the issue was also reflected in the 2017 ideas contest, the results of which have already been implemented in several areas in 2018: for example, new techniques are being explored in specialist civil engineering to produce diaphragm walls more efficiently. New environmentally sustainable materials have been

developed for sealing injection works. A new app is making a valuable contribution to occupational safety on construction sites by applying structured monitoring and improved documentation.

PORR cooperates with universities and other research institutes on a variety of research projects. Research focal points have included optimising construction processes (LEAN Management) as well as issues related to building materials and constructions. The goal is to secure sustainable solutions through longer lifecycles and the lowest possible impacts on the environment. PORR Umwelttechnik has initiated a new project for recycling secondary raw materials to this end. The results have helped to increase the percentage of recycling and to meet climate targets.

Projects to digitalise construction projects have been underway not only in Austria, but also in Germany, Romania and Poland. PORR is expanding its expertise in Building Information Modeling. Here, Augmented Reality and Virtual Reality are used as support tools. Different systems for digitalising and optimising the logistics of construction materials have already been rolled out to the operating units, while a software package for digital construction documentation is being developed in the tunnelling sector.

Tunnelling and applying the Slab Track Austria system for railway construction involves technologies that already place PORR among the top experts on the international stage. New track systems and tunnel segments are being manufactured for high ballast loads in order to comply with customer requirements and overcome the special challenges faced on large-scale projects today.

Applications were filed for both national and international patents in the 2018 reporting period.

Staff

In 2018 PORR employed 19,014 people on average. This figure includes 10,476 waged workers and 8,538 salaried employees. This represents an increase of 7.3% against the previous year. The rise was equally split among staff members in Austria (+7.6%) and abroad (+7.0%). The sharp growth in output in Germany led to an increase in staffing levels on PORR's second-largest market of 14.8%. There was a significant rise of 25.2% in the workforce in Poland due to the expansion in output. The increase in staff expense to EUR 1,179m was below the growth in production output.

PORR proactively promotes ongoing HR development. With the PORR Academy, PORR offers a Group-wide digital platform for E-Learning courses along with external and internal training and other educational opportunities. In 2018 the average number of training days per staff member stood at 1.78¹ (data based on Austria, Germany and Switzerland), while the total number of training sessions was 78,7531¹. A total of 10,582¹ people took part in training. The newly established PORR Education Campus will expand the range of further development opportunities. Skilled workers and apprentices can benefit here from the three-way educational system “Construction Site, School, Building Academy”. At the end of the 2018 reporting period there were a total of 288 apprentices learning 20 different vocations. 46 apprentices successfully passed their final exams in 2018.

Corporate Social Responsibility

The mandatory disclosures as required by the Austrian Sustainability and Diversity Improvement Act can be found separately in the 2018 PORR Sustainability Report. Available at: www.porr-group.com/en/group/csr/csr/

PORR is well aware of the impacts its business activities have on society and the environment. They are multifaceted and demand a Group-wide strategy that is fit for the future. Employee and social affairs are important focal points here, while the environmental aspect is also a key concern given the high consumption of energy and resources.

PORR is committed to sustainable corporate management, whereby the fundamentals are laid out in the sustainability strategy, written together with the Executive Board. In addition, the company upholds the principles of the UN Global Compact and supports its sustainable development goals (SDGs). The sustainability strategy of PORR is based on the three pillars of adding value, recognising value and preserving value – these reflect the three sustainability aspects of the economy, society and the environment.

Here PORR deploys an integrated approach, i.e. it brings together all three sustainability dimensions. The relevant aspects are prioritised as part of a materiality analysis and relate to areas such as energy and emissions; sustainable procurement; safety, security and prevention; the environmentally sound use of materials; further education

and training; compliance; employment; diversity and equal opportunities; and innovative technologies. This has been followed up with a short overview of the key issues – more information can be found in the separate non-financial report. The PORR Sustainability Report has been produced in accordance with the GRI G4 standards “Core” option and conforms to the requirements of the Austrian Sustainability and Diversity Improvement Act.

Energy and emissions

PORR strives to continuously improve its energy efficiency and thereby reduce its energy consumption.

The energy efficiency measures introduced in the fields of transport and building infrastructure (e.g. green and blue buildings) contribute to this goal along with the use of renewable energy sources. Furthermore, greenhouse gas (GHG) emissions should be reduced together with the dependency on fossil fuels. Promoting buildings with sustainability certificates is also included in this sector, as is reducing transport-related emissions and decreasing any negative environmental impact. The use of alternative drive systems and energies, centralised equipment and fleet management, deploying state-of-the-art construction machinery, modernising old production facilities and optimised construction site logistics help to increase energy efficiency and reduce GHG emissions. PORR has set itself the goal of cutting its primary energy consumption, specifically GHG emissions, by at least 1.5% per year by 2020. This represents a 7.5% reduction for the period 2015 to 2020. In addition, it is committed to developing certification systems, implementing energy efficiency guidelines and regular energy audits.

Sustainable procurement

When selecting business partners, suppliers etc., PORR applies the principles laid out in the Code of Ethics. As a company that operates sustainably, PORR has an especially important role to play by protecting employees and the environment in its sphere of influence and responsibility. Here the focus is on establishing stable, long-term relationships with suppliers and subcontractors – with close attention paid to occupational health and safety, environment and human rights. PORR has reduced the number of suppliers and deployed lead buyers in order to increase the quality of and trust in the predominantly regional suppliers. In this way, between 60% and 95% of purchasing, depending on the country, involved local suppliers. Increased cooperation with local suppliers and better transport logistics should also mitigate negative

¹ Data based on Austria, Germany and Switzerland

environmental impacts such as air pollution. Environmental incidents and deviations in the environmental and social sector are recorded in the supplier database and evaluated using a traffic-light system. Failure to adhere to applicable standards can lead to a ban on further commissioning.

Safety, security and prevention

Occupational health and safety is also accorded top priority. PORR is pursuing a clearly defined strategy with Vision Zero and the goal of reducing the frequency of incidents to fewer than ten by 2020. In order to meet these targets in the field of safety, security and health protection, comprehensive health and safety training is held in addition to safety walks on construction sites. What's more, as part of the diversity initiative "We@PORR", the company has introduced a workplace health promotion initiative that involves implementing and evaluating healthcare, behavioural and situational measures. The standard ISO 45001, applicable across the entire PORR Group, describes the requirements of a modern management system for occupational health and safety protection and replaces the former standard BS OHSAS 18001.

Environmentally sound use of materials

In the construction industry the use of building materials has a serious impact on the environment. This is why attention is paid to effective resource efficiency, better materials recycling and the development of new construction materials and building methods. PORR has set itself the goal of recycling as much as possible. Here the percentage of construction materials recycled should be increased and techniques that conserve resources should be developed. To this end, PORR owns facilities in which recycled construction materials and secondary raw materials can be produced in guaranteed quality. Materials that were previously classified as waste and consequently sent for landfill are now transformed into reusable construction materials.

Further education and training

To overcome challenges such as demographic shifts or the lack of skilled labour, PORR's main focus lies in personnel development. Individual support and development of strengths and skills should uphold high capabilities in innovation, secure employee knowhow and enhance the company's competitive ability.

In order to counter the prevailing shortage of skilled labour, PORR aims to attract the attention of school pupils through sector-relevant career fairs or via the media. The focus is on nurturing talent and providing fundamental

training to tomorrow's experts. What's more, new digital media such as webinars and e-learning are increasingly being used in HR development. Training covers a wide variety of topics and ranges from communication basics via intercultural training through to legal issues such as employing foreign staff.

More details on HR development can be found in the Staff section.

Compliance

The PORR compliance system is applied in every branch office. It covers all relevant aspects such as anti-bribery, fair competition, social dumping or disseminating information. Fair and transparent behaviour is the top priority at PORR, as unfair competition and dishonest business practices can not only damage the company's image, but also have a negative impact on the business location. PORR adopts the local commercial and tax practices in line with legislation and also has a Code of Ethics that is mandatory across the Group. Compliance lectures as well as anti-bribery and issuer-compliance training aims to raise awareness among staff in relation to compliance issues. PORR's compliance system is certified to national (ONR 192050) and international (ISO 19600, ISO 37001) standards.

Upholding human rights

Monitoring adherence to human rights is not always straightforward given the highly complex supply chains involving multiple subcontractors that are common to the industry. This is why, in addition to its clear commitment to the principles of the UN Global Compact, PORR also has a Code of Ethics that must be upheld by everyone in the entire value chain. Issues such as child workers or forced labour are additionally addressed in the basic data forms filled out by suppliers. ISHAP, a system for checking and validating people's ID and documentation, was introduced to facilitate better monitoring of outside personnel and is being successively rolled out to the PORR markets.

Employment

Complex work processes mean that fair working practices and upholding legal stipulations is especially important in the construction industry. The Code of Ethics and the guidelines on avoiding illegal hiring and social dumping serve as a framework in this respect. Any breach in the supplier chain relating to social issues is recorded and evaluated in the supplier management system. PORR has a strong focus on further education and training, whereby the key goal is highly qualified in-house staff. It has also

adopted a range of measures to meet the changing requirements that employees expect of their employer.

Diversity and equal opportunities

As a future-focused employer with a high number of people from different cultures, PORR sees the diversity of its staff as a crucial success factor. This was also the motivation behind launching the diversity initiative “We@PORR”. On the one hand, the focus is on improving the backdrop for a better balance between one’s professional and private life, on the other hand it’s about addressing diversity-specific issues such as equal opportunities for all genders, age groups, people with disabilities, ethnic backgrounds etc. PORR implements targeted measures to enhance the motivation and performance of its employees as well as their social skills and talent for innovation.

Innovative technologies

Developing innovative solutions is essential in design and planning processes as well as during the construction itself. PORR is equally committed to the issue of recycling in terms of R&D. For example, methods for recycling a wide variety of waste types with different contamination levels are developed in the Environmental Lab. The goal here is to limit harmful reactions and to be able to send the waste for proper disposal. The challenge lies in the ever evolving combinations of pollutants. This requires investment both in new analytical equipment and in developing new methods to increase efficiency and to be able to make decisions based on economic and environmental criteria.

Forecast Report

The IMF has forecast a slight slowdown in global economic growth for 2019. The reasons for this GDP growth of 3.5% lie in the ongoing trade conflicts and the Brexit debate, the expected tightening of monetary policy, as well as increasing capacity limitations in industry. Growth in the eurozone is also set to be moderate – the IMF predicts a GDP increase of 1.6%.¹

The European construction markets on which PORR has focused its business activities continued to be part of a positive trend in 2018. This was reflected in the full order books and a renewed increase in employment figures. On the other hand, experts expect growth in 2019 to be more reticent than in previous years. The prevailing full capacity utilisation and ongoing lack of skilled labour, subcontractor shortages, rising construction prices and

wage costs are serving as natural barriers to business activity expansions.²

While growth in 2018 was driven by residential construction, higher future growth rates are expected in civil engineering in particular. All five home markets should benefit from this market trend – especially in the field of infrastructure. At the same time, the public purse has far greater financial leeway than was the case several years ago³. In Germany experts expect an increase in investments due to the Federal Transport Infrastructure Plan 2030 – especially in traffic infrastructure⁴. This trend has also been observed in Austria – ASFINAG (Austria’s highways authority) alone is set to invest EUR 7.8 bn by 2023 in the new build, expansion and resurfacing of the existing road network⁵. Significant investment is underway even in Switzerland, which already has a very well-developed railway network⁶. Experts have forecast a sharp rise in construction volumes for Eastern and Central Europe in 2019, which will primarily be driven by the EU Structural Funds. Growth of 10.1% and 6.9% has been predicted for Poland and the Czech Republic respectively⁷.

Despite a strong tailwind in terms of orders, the frame conditions in Europe are proving extremely challenging. The ongoing lack of skilled labour, subcontractor shortages, rising construction prices and wage costs are dampening expectations – and this applies to every PORR home market. This trend accelerated in 2018, especially in Poland, while an end to this development is difficult to foresee. This overheated situation on the labour market led to significant wage hikes in the period under review, along with logistics bottlenecks and increases in prices for raw materials and construction materials reaching double-digit figures. On the other hand, the newly acquired orders already reflect the current price levels and thereby provide a basis for a healthy order situation.

The stable business performance in the period under review validated PORR’s strategic approach. For 2019 the clear focus will once again be on operational excellence. On the basis of the aforementioned assumptions about the home markets and the high order backlog, the Executive Board is confident that it will be possible to achieve another moderate increase in 2019 on the high output level of EUR 5,593 bn.

PORR stands by its sustainable and reliable dividend policy. For the 2018 business year the Executive Board continues to assume that it will propose a dividend of

¹ International Monetary Fund, WEO January 2019

² Euroconstruct, November 2018

³ Ebenda

⁴ Bundesministerium für Verkehr digitale Infrastruktur, Deutschland

⁵ ASFINAG, März 2019

⁶ Bundesamt für Verkehr, Schweiz

⁷ Euroconstruct, November 2018

EUR 1.10 to the Annual General Meeting – unchanged against the previous year. With a dividend yield of around 6.3% based on the 2018 closing price, PORR remains one of the industry’s top dividend stocks.

That said, the actual business performance may deviate from current forecasts on the basis of external political and economic factors and the seasonal nature of the construction industry.

Risk Report

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

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 PORR’s markets. PORR reacts to fluctuations in national markets and business segments and geopolitical uncertainty by concentrating on the home markets, namely Austria, Germany, Switzerland, Poland and the Czech Republic. On the project markets of Qatar, UAE, 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, railway construction and specialised foundation engineering.

Environmental risks

There are multiple aspects to this risk. On the one hand, the construction industry is a very energy-intensive sector. The high energy consumption and subsequent emissions are primarily caused by operating construc-

tion sites and for goods transport. This is why PORR is committed to energy efficiency in equipment and fleet management, as well as improved transport logistics and, wherever possible, to renewable energy.

On the other hand, construction activity requires a great deal of construction materials and resources. Here PORR strives for resource efficiency and focuses on improvements to reusing materials and recycling construction waste.

Project risks

These apply to all PORR operating units and can be qualified in terms of calculation and execution risks. From the tender stage to the conclusion of a contract, all projects are assessed for specific technical, commercial and legal risks. This is carried out in close collaboration between the parties responsible for operations and the risk managers with the aid of risk checklists. 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 PORR. Staff risks arise from employee fluctuations and loss of expertise, as well as shortages of skilled labour, management and young talent. This is why PORR’s activities are targeted towards steadily developing staff skills through efficient training measures and increasing PORR’s appeal as an employer through career opportunities and incentive schemes. PORR deals with the increasingly fierce competition for highly qualified specialists and managers by optimising recruitment measures and through targeted employer branding.

Further details on staff and social issues can be found in the 2018 Sustainability Report. .

Occupational health and safety risks

In the construction industry there are risks of potential incidents related to occupational safety or worker health. Serious incidents, a loss of reputation or legal consequences can also arise when handling hazardous substances and if the appropriate regulations are not upheld.

This is why PORR pursues a clearly defined prevention strategy with the goal of reducing accident rates by 2020. Detailed information is given in the separate 2018 Sustainability Report.

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

Liquidity risks

The liquidity risk is defined as the risk that liabilities cannot be paid upon maturity. Managing the liquidity risk is based on a financial plan updated once a quarter, which originates at operational level. For all projects, a designated commercial employee conducts individual and monthly planning for the current year and for the subsequent 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 2018 the Group had a liquidity level of EUR 319.7m; this liquidity is used on the one hand for the seasonal peak liquidity demand from April to November (typical to the construction industry), as well as for settling loans due, *Schuldscheindarlehen* tranches and bonds, and potential corporate acquisitions. Should additional liquidity demand arise, this could provisionally be covered by drawing on existing lines of credit.

As of 31 December 2018 net debt, defined as the balance from cash and cash equivalents, securities under current assets, bonds and current and non-current financial liabilities, amounted to EUR 150.2m (2017: EUR 147.4m).

The Group has access to European credit lines totalling EUR 3,031.7m (2017: EUR 2,683.5m). Of these credit

lines, EUR 1,095.0m (2017: EUR 976.1m) was concluded with a term of at least three years. The remainder of EUR 1,936.7m (2017: EUR 1,707.4m) generally runs for a one-year term. Furthermore, there were credit lines in several Arabic countries of EUR 670.3m (2017: EUR 599.5m). As of 31 December 2018, around 58% (2017: 60%) of the European credit lines had been drawn on, as had around 52% (2017: 11%) 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 three interest rate swaps (IRS) totalling EUR 123.0m and three IRS with start dates in the future totalling EUR 155.0m. All derivative hedges are designated as cash-flow hedges. All IRS relate to swapping variable interest flows for fixed interest flows. As of 31 December 2018 the market value of the IRS had a fair value of EUR -1.8m.

Foreign currency risks

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

PORR had concluded forward exchange contracts of EUR 148.8m as of 31 December 2018 (2017: EUR 185.4m); of these, EUR 75.3m were forward purchases and EUR 73.5m were forward sales. Around EUR 72.9m (2017: EUR 83.8m) is used as hedges for project cash flows and the remainder of EUR 75.9m (2017: EUR 101.7m) for hedging intragroup financing.

As of 31 December 2018 the market valuation of open forward exchange contracts resulted in a fair value of EUR 2.2m. In the fiscal year 2018 total expense of EUR 1.5m, which resulted from changes in the fair value of forward contracts, was recognised in profit or loss.

Supplier risks

PORR's procurement market is subdivided into three parts – subcontractors, materials and operating materials. Individual risk mitigation measures are implemented in the company for each of these areas. In terms of subcon-

tractors, attempts are made to achieve price security by establishing long-term, collaborative project work and, if possible, longstanding framework contracts. In addition, the purchasing department strives to secure maximum risk mitigation through the selection and diversity of providers of various trades. In the materials sector, long-term supplier agreements are the primary factor in price continuity. That said, individual price fluctuations in certain groups of goods cannot be completely ruled out. With regard to operating materials, PORR has maximised price advantages by establishing a Group-wide purchasing department. With a procurement structure divided into a lead buyer and a local buyer system, not only are economies of scale exploited, but local maximisation options are also implemented. All of this helps to mitigate the purchasing risk.

Credit risks

Specific to the industry, construction contracts require advance outlay by the general contractor which will not be covered by payments until a later date. To reduce the default risk, an extensive creditworthiness check is carried out and adequate sureties are agreed as far as possible. The default risk related to other primary financial instruments recorded as assets is also considered marginal, as the contract partners are financial institutes and other debtors with good credit standing. The carrying amount of all financial assets represents the maximum default risk. In as far as default risks on financial assets are possible to determine, these risks are addressed by applying impairment. There are high unsettled receivables 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 EUR 21.2m. It was thereby possible to broadly maintain the equity ratio at 19.9% despite the 8.0% growth in total assets. Both non-current and current liabilities subject to interest were reduced, by EUR 17.0m and EUR 19.3m respectively.

As of 31 December 2018 net debt, defined as the balance of cash and cash equivalents, bonds and current and non-current financial liabilities, totalled EUR 150.2m (2017: EUR 147.4m) and was thereby at a similar level to the previous year.

The net gearing ratio, defined as net financial debt divided by equity, is applied for the control of capital management. In 2018 net gearing stood at 0.24 (2017: 0.25).

Compliance risk (CSR risk)

Unfair competition and dishonest business practices can damage the company's image and subsequently impair the business location. The complex supplier chain means that upholding compliance guidelines is especially important and these are applied in every PORR branch office. They cover every aspect of compliance such as anti-corruption, social dumping and disseminating information. PORR is not represented in any countries that rank highly on the Corruption Index of Transparency International.

The focal points of PORR's compliance organisation include preventing bribery, corruption and antitrust violations. In general, there is a risk of violating valid CSR guidelines in local legislation in the respective countries.

Internal control system

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

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

The internal control system involves assessing operational risks as well as the appropriate implementation of organisational standards and processes across all areas of accounting and reporting within PORR. The internal control system in PORR ensures that the recording, preparation and accounting of business transactions are standardised across the Group and incorporated correctly into Group accounting. Measures such as clear, Group-internal guidelines, predefined process directives and system-supported processes for recording accounting data all support a uniform and orderly accounting practice. The reporting of subsidiaries included in the consolidated accounts as well as their consolidation is carried out using integrated IT systems supported by databases. The relevant requirements for guaranteeing correct accounting practices are laid out in uniform Group methods of accounting and valuation and disseminated

regularly. The clear functional separation and various control and monitoring methods such as plausibility checks, regular auditing activities at various reporting levels and the dual-control principle mean that proper and reliable accounting is assured. The systematic controls ensure that accounting in PORR conforms to international accounting standards and internal guidelines and guarantees the proper and uniform execution of all accounting-related processes. Within the internal control system, the audit committee takes on the Supervisory Board's task of monitoring accounting processes and financial reporting. The compliance management system and the internal audit team also guarantee the effectiveness of the ICS by independently monitoring its impacts with the aim of improving business processes.

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

Branch offices and subsidiaries

PORR Bau GmbH has branch offices in the Austrian provinces of Vienna, Lower Austria, Burgenland, Salzburg, Styria, Tyrol, Carinthia and Upper Austria, as well as branch offices in Hungary, 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 of 31 December 2018 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 of 31 December 2018 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 had a direct or indirect holding in the capital of at least ten percent in the form of ordinary shares as of 31 December 2018:

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

The Strauss Group includes SuP Beteiligungs GmbH, which is wholly and directly attributed to the PROSPERO Privatstiftung, which is under the control of Karl Heinz Strauss, Chairman of the Executive Board. Regarding the shares of the IGO-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 takes place, in which case the replacement member would take up their seat on the Supervisory Board effective immediately if the Supervisory Board member steps down before the end of their time in office. If multiple replacement members are appointed, the order in which they are to replace a Supervisory Board member who steps down must be determined. A replacement member can also

be appointed as a replacement for multiple Supervisory Board members, so that they take a seat on the Supervisory Board if any one of these members steps down prematurely. The term of office of a replacement member who joins the Supervisory Board is terminated as soon as a successor to the former Supervisory Board member has been appointed, or at the latest when the remainder of the former Supervisory Board member's time in office comes to an end. Should the term of office of a replacement member who joins the Supervisory Board be terminated because a successor to the former Supervisory Board member has been appointed, the replacement member still serves as a replacement for the additional Supervisory Board members they have been chosen to represent. In line with Section 9 Paragraph 2 of the 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 their time in office by AGM resolution requiring a simple majority of votes cast. In accordance with Section 19 Paragraph 1 of the company statutes, resolutions of the AGM are passed by simple majority of the votes present, unless another type of majority is proscribed by law; in cases where a capital majority is required, a simple majority of the share capital 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 of 31 December 2018, the Executive Board is authorised, in accordance with Section 4 Paragraph 4 of the statutes, to increase the share capital of the company within five years of entry of the authorisation of the AGM granted on 29 May 2018 being entered in the Commercial Register, with the approval of the Supervisory Board to EUR 4,364,250.00 by issuing up to 4,364,250

no-par value shares for cash or consideration in kind – in either case also in multiple tranches, also in the course of direct subscription rights in accordance with Section 153, Paragraph 6 Stock Corporation Act – (authorised capital), whereby the issue price, which may not be lower than the pro rata share of share capital, the conditions of issue, the subscription ratio, and other details are to be determined by the Executive Board with the approval of the Supervisory Board. The Executive Board is authorised, with the approval of the Supervisory Board to exclude shareholders' subscription rights in full or in part

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

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

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

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

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

On the basis of this authorisation, 22,548 shares were acquired from the wholly owned subsidiary EPS Absberggasse 47 Projektmanagement GmbH in 2018. This corresponds to 0.0775% of the share capital.

8. In 2013 the company issued a bond (debenture) of EUR 50,000,000 (for the period from 2013–2018). This bond was redeemed in full in 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 in 2016, 2017 and 2018 and partially extended until 2024. The *Schuldscheindarlehen* totalled EUR 177m as of 31 December 2018. 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 27 September 2019) and EUR 180,000,000 (valid until 29 June 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, Paragraph 1, Line 8 of the Commercial Code.

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

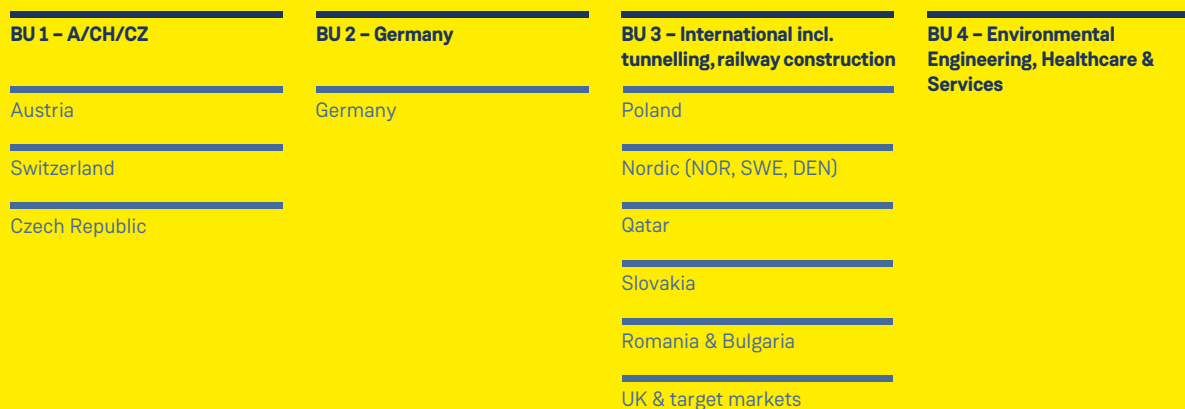
Treasury shares

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

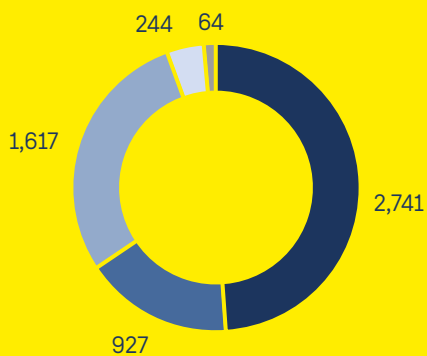
	No. of shares	Nominal value per share in EUR	Nominal value in EUR	% of share capital
PORR AG				
Interest held on 31.12.2017	193,947	1.00	193,947	0.667%
Interest held on 31.12.2018	216,495	1.00	216,495	0.744%
EPS Absberggasse 47 Projektmanagement GmbH				
Interest held on 31.12.2017	22,548	1.00	22,548	0.077%
Interest held on 31.12.2018	0	1.00	0	0.000%

Segment Report

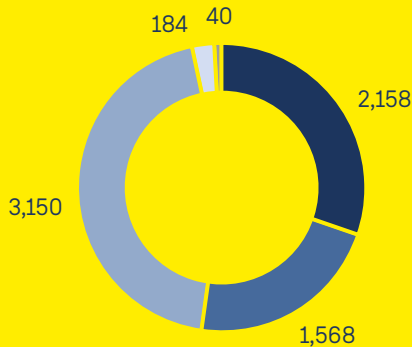
Organisation chart¹



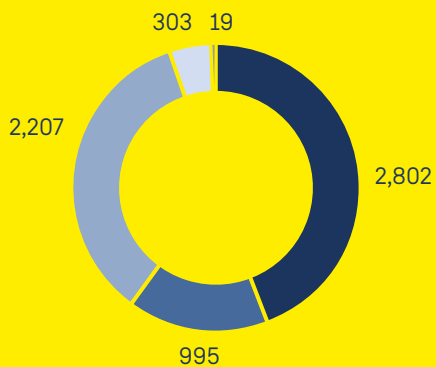
Production output in 2018 by segment (in EUR m)



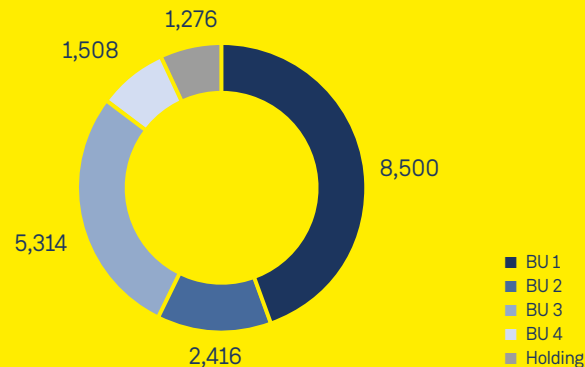
Order backlog in 2018 by segment (in EUR m)



Order intake in 2018 by segment (in EUR m)



Average staffing levels in 2018 by segment



¹ The Segment Report is presented in accordance with the 2018 consolidated financial statements. The changes in the organisational structure effective 1 January 2019 have not been applied.

Business Unit 1 – Austria, Switzerland, Czech Republic

Key Data

in EUR m	2018	Change	2017	2016
Production output	2,741	12.9%	2,428	2,125
Foreign share	29.1%	4.9 PP	24.2%	19.0%
EBT	55.6	-7.5%	60.1	69.4
Order backlog at year-end	2,158	2.9%	2,097	1,664
Order intake	2,802	0.7%	2,783	2,224
Average staffing levels	8,500	7.2%	7,930	7,634

The segment Business Unit 1 – Austria, Switzerland, Czech Republic (BU 1) covers PORR’s permanent business on the three home markets of Austria, Switzerland and the Czech Republic. PORR is represented here with its entire service range. The focus is primarily on residential and office construction, industrial and road construction and specialist civil engineering. In addition to a wide range of services in building construction and civil engineering, BU 1 is also home to structural and foundation engineering and various equity interests (including IAT, BOMA and ÖBA). Also included are the fields of structural engineering in Germany, large-scale building construction projects on all international markets and the raw materials business.

With production output of EUR 2,741m, BU 1 built on the high level of the previous year by 12.9% or EUR 313m. Here the strongest growth was generated by the Czech Republic, partly because of the acquisition of Alpine Bau CZ a.s. German industrial construction and large-scale building construction projects also achieved significant increases. The main contribution in Austria came from the federal provinces of Vienna, Styria and Salzburg. EBT declined by 7.5% or EUR 4.5m to reach EUR 55.6m. While the operating units in Austria continued their very positive performance, certain projects abroad put pressure on earnings, whereby a slight decrease was recorded overall.

At the end of the reporting period the order backlog stood at EUR 2,158m, rising by EUR 61m or 2.9%. The largest contributor to the order books in absolute terms was the Vienna branch office; added to this were significant contracts from Switzerland and the Czech Republic. In 2018 BU 1 achieved an order intake totalling EUR 2,802m. With an increase of 0.7% or EUR 19m, the intake held steady.

The largest new order in the period under review was the Töging am Inn power plant including the Jettenbach weir system, followed by the Franklin Tower project at Oerlikon Station in Zurich. Multiple residential and office construction projects were also acquired, especially in

Austria, such as building the QBC 1 + 2 office complex. Major road construction contracts were acquired in all three home markets, including the modernisation of the A2 motorway near Grimmenstein and the A10 between Urstein and Hallein.

The market situation is challenging in every country. PORR is countering the increasing lack of skilled labour and rising construction costs with a policy of selective project acquisition and by securing subcontractor services early on.

The well-filled order books on all three home markets as well as the strong market position in Austria give BU 1 confidence for the year 2019. What’s more, the acquisition of Alpine Bau CZ a. s. including its asphalt mix plants provides key strategic advantages in the Czech Republic. This has also enabled PORR to acquire qualified personnel in order to exploit opportunities in traffic construction even more effectively in the future.

Experts predict that growth will continue in the future, albeit not at the same level. Civil engineering is set to remain a growth driver on all three markets. The Austrian construction sector finds itself in a favourable economic phase¹. The housing offensive, the investment plan by ÖBB (Austrian Federal Railways) and the recently announced infrastructure programme by ASFINAG (Austria’s highways authority) all point to ongoing demand in the construction sector². A similar picture can be seen in Switzerland, although there the surplus demand in residential construction is lowering expectations. This stands in contrast to the federal infrastructure funds, which are increasing investment in civil engineering yet again³. With a growth rate of 10.0% in 2018, the Czech Republic is becoming more attractive⁴. Here the public sector plans to invest EUR 1.6 bn a year by 2020 in expanding and modernising existing transport infrastructure. In addition, residential construction and a BIM initiative for public tender processes are being subsidised by the state⁵.

¹ Euroconstruct, November 2018

² ASFINAG, März 2019 und European Construction Sector Observatory, 2018

³ ETH Zürich Konjunkturforschungsstelle, Februar 2019

⁴ Euroconstruct, November 2018

⁵ European Construction Sector Observatory, 2018

Business Unit 2 – Germany

Key Data

in EUR m	2018	Change	2017	2016
Production output	927	25.0%	741	456
EBT	1.9	>100.0%	-9.8	3.7
Order backlog at year-end	1,568	4.6%	1,499	739
Order intake	995	-37.0%	1,579	505
Average staffing levels	2,416	20.3%	2,008	1,050

The segment Business Unit 2 – Germany (BU 2) encompasses PORR's activities in Germany. On its second largest market, the company offers foundation and structural engineering in addition to building construction and civil engineering. The acquisitions in recent years have given PORR a strong presence on the infrastructure market with its own highly qualified, expert personnel. Building construction activities were reorganised in 2018 by bundling resources and knowhow along regional lines. Four strong regional centres, namely East (via Berlin), South (via Munich), North (via Hamburg) and West (via PORR Oevermann), have facilitated efficiency increases in operational processes as well as more streamlined management structures.

In 2018 BU 2 generated production output of EUR 927m, thereby achieving an increase of EUR 186m or 25.0%. The sharpest rises were secured by the fields of structural engineering, PORR Oevermann and building construction in the South region. The significant growth in production output can be explained by the high order backlog at the start of the year and the corporate acquisitions from 2017. Following a loss in the previous year, EBT was positive at EUR 1.9m. Every sector made a good contribution to earnings with the exception of building construction.

There was a moderate rise in the order backlog of 4.6% or EUR 69m; it totalled EUR 1,568m at year-end. Here the strongest growth came from structural engineering, while the Stump and building construction for the South region also increased. This contrasted with the situation in new orders. As a result of a selective acquisition policy, the order intake decreased by EUR 584m or 37.0%. It totalled EUR 995m in the period under review.

The largest new order of BU 2 in 2018 was the FAIR ring accelerator in Darmstadt. In addition to this structural engineering order, PORR acquired numerous residential construction contracts such as the NOC apartment building in Munich's Regerstraße and a project in Thulestraße, Berlin. Furthermore, it won the tender for the A66 road construction contract near Wiesbaden and for converting a Palais in Berlin's Ministergärten into a residential and commercial building.

The German construction sector grew by 1.3% in the period under review and experts expect it to stabilise at its current level for the medium term¹. Growth drivers in road and rail construction are expected in particular from the 2030 Federal Transport Infrastructure Plan. This includes the expansion of the German infrastructure network along with some new-build sections². In building construction demand for new housing is unabated³.

Despite the strong demand, the construction industry faces increasingly fraught market conditions. Subcontractor bottlenecks and a lack of skilled labour are limiting growth. In addition, growing price pressure is being felt in terms of both labour and raw materials. Construction industry price indexes show cost hikes of over 7.0%⁴.

In addition to a selective approach to new projects, in 2019 BU 2 will focus on operational excellence and consolidating its activities. Continuous risk analysis will be carried out while realising projects in order to guarantee a healthy performance that is also sustainable.

¹ Euroconstruct, November 2018

² Bundesministerium für Verkehr digitale Infrastruktur, Deutschland

³ Euroconstruct, November 2018

⁴ Statistisches Bundesamt, Deutschland

Business Unit 3 – International

Key Data

in EUR m	2018	Change	2017	2016
Production output	1,617	23.7%	1,308	1,082
Foreign share	90.8%	2.0 PP	88.8%	87.2%
EBT	22.6	-16.0%	26.8	17.1
Order backlog at year-end	3,150	23.0%	2,561	2,227
Order intake	2,207	34.5%	1,641	1,112
Average staffing levels	5,314	3.2%	5,149	4,146

The segment Business Unit 3 – International (BU 3) covers the project business on the home market of Poland as well as the project markets of the Nordic region, Qatar, UAE, Slovakia, Romania and Great Britain. In Poland and Romania PORR offers construction services in building construction and civil engineering, while this is complemented by foundation engineering in Poland. The competencies for tunnelling, rail and bridge construction are also bundled in BU 3.

The production output of BU 3 totalled EUR 1,617m. The sharp increase of EUR 309m or 23.7% mainly resulted from large-scale projects in Poland. In addition, Slovakia achieved a three-fold increase in output – partly because of a large-scale project – while international tunnelling also grew. EBT reached EUR 22.6m and was EUR 4.2m or 16.0% below the level of the previous year. The decrease was caused by the high cost pressure, especially on the home market of Poland.

There was a significant improvement in the order situation of BU 3. This was largely attributable to the newly acquired large-scale order for the Brenner Base Tunnel. The order backlog thereby climbed by EUR 589m or 23.0% – the highest growth recorded so far in this segment. At the end of the year it stood at EUR 3,150m. The order intake reached EUR 2,207m and increased by EUR 566m or 34.5%.

In addition to the tender for the largest lot of the Brenner Base Tunnel, BU 3 also acquired numerous orders in traffic construction. Large-scale contracts such as the approx. 16km-long S3 expressway between Bolków and

Kamienna Góra, the 23km-long S61 between Szczucyn and Elk and the 21km-long S6 between Bozepole and Luzino were acquired in addition to railway construction orders such as the LK 93 rail line between Czechowice Dziedzice and Oświęcim.

The need for investment in Polish infrastructure remains unwaveringly strong. The EU Cohesion Fund is supporting the upgrade and expansion of the infrastructure network by 2020¹. That said, the labour market has significantly overheated here and this is coupled with bottlenecks in logistics. Some increases in costs for materials and transport have reached the double-digit range. This remains the largest challenge faced by BU 3

Experts expect further double-digit growth in the Polish construction sector in 2019. Civil engineering is seen as the growth driver here². PORR is mitigating the challenging market environment with selective order acquisition.

The North and East European project markets of BU 3 offer numerous opportunities in the infrastructure sector. Here PORR's focus is on its core competencies in international tunnelling and railway construction. This is an area in which – in addition to its strong knowhow in underground construction, both in conventional tunnelling with shotcrete and high-tech mechanical boring – PORR holds the patent for the Slab Track Austria system. More and more international clients have come to rely on this system and it has led to numerous contracts in Austria, Germany and Qatar in recent years. PORR remains committed to Qatar and UAE and is carefully evaluating emerging market potential.

¹ European Construction Sector Observatory

² Euroconstruct, November 2018

Business Unit 4 – Environmental Engineering, Healthcare & Services

Key Data

in EUR m	2018	Change	2017	2016
Production output	244	8.1%	225	219
Foreign share	18.2%	1.0 PP	17.2%	17.9%
EBT	7.1	12.3%	6.4	0.7
Order backlog at year-end	184	48.1%	124	117
Order intake	303	30.1%	233	254
Average staffing levels	1,508	5.4%	1,431	1,424

Business Unit 4 – Environmental Engineering, Healthcare & Services (BU 4) focuses on competencies in niche areas, thereby expanding the value chain across the entire life-cycle of a structure. In addition to PORR Umwelttechnik, this segment is home to the equity interests Prajo, TKDZ and PWW, hospitals, PORREAL and STRAUSS PROPERTY MANAGEMENT, Thorn, ALU-SOMMER and PORR Infra, as well as all activities related to PPP.

As of 1 January 2019 BU 4 will be integrated into BU 1 following to the implementation of the new organisational structure.

In 2018 BU 4 once again managed to increase its production output. With growth of 8.1% or EUR 19m, it generated total output of EUR 244m. Here PORR Umwelttechnik made the greatest contribution, while associated companies in PORR Beteiligungen und Management also achieved major growth. EBT performed well in the period under review and grew to EUR 7.1m. The increase of EUR 0.8m or 12.3% was faster than the rise in output. A significant share of earnings was generated by PORR Umwelttechnik.

The order situation of BU 4 was positive. The order backlog stood at EUR 184m at the end of the reporting period, thereby growing by 48.1% or EUR 60m. The primary contributors were PORR Umwelttechnik, ALU SOMMER and PORREAL. Rising by EUR 70m or 30.1%, the order intake grew to EUR 303m, the bulk of which came from PORR Umwelttechnik.

BU 4's largest new orders included the earthworks on multiple residential complexes as well as a project for sludge incineration. In addition, BU 4 acquired significant preparatory and follow-up works at the site Sabimo Monte Laa and on the Semmering Base Tunnel.

The current synergic effects with BU 1 will be utilised even more efficiently after the integration of BU 4. Commissioning of preliminary and follow-up projects will round off the range of services offered by BU 1.

The largest part of BU 4, namely PORR Umwelttechnik, continues to find itself in a growth business area. The Paris Climate Agreement has boosted this sector once again¹. With the help of research and development, PORR is set to continue to succeed in exploiting market potential in this area.

¹ Wirtschaftskammer Österreich

Consolidated Financial Statements

74	Consolidated Income Statement
75	Statement of Comprehensive Income
76	Consolidated Cash Flow Statement
77	Consolidated Statement of Financial Position
78	Statement of Changes in Group Equity
80	Notes to the Consolidated Financial Statements
143	Shareholdings
150	Auditor's Report
156	Responsibility Statement
157	Appropriation of Earnings

Consolidated Income Statement

in TEUR	Notes	2018	2017
Revenue	(7)	4,959,109	4,292,886
Own work capitalised in non-current assets		5,186	4,363
Income from companies accounted for under the equity method	(20)	86,551	59,220
Other operating income	(8)	183,923	170,918
Cost of materials and other related production services	(9)	-3,462,635	-2,944,027
Staff expenses	(10)	-1,178,798	-1,036,068
Other operating expenses	(12)	-373,869	-346,612
EBITDA		219,467	200,680
Depreciation, amortisation and impairment expense	(11)	-127,143	-110,461
EBIT		92,324	90,219
Income from financial investments and other current financial assets	(13)	18,466	15,985
Finance costs	(14)	-22,659	-20,880
EBT		88,131	85,324
Income tax expense	(15)	-21,936	-21,633
Profit/loss for the year		66,195	63,691
of which attributable to shareholders of the parent		62,726	60,492
of which attributable to holders of profit-participation rights		2,664	2,664
of which attributable to non-controlling interests		805	535
Basic (diluted) earnings per share, total (in EUR)	(16)	2.17	2.09

Statement of Comprehensive Income

in TEUR	Notes	2018	2017
Profit/loss for the year		66,195	63,691
Other comprehensive income			
Gains/losses from revaluation of property, plant and equipment	(18)	-230	-446
Remeasurement from defined benefit obligations	(34)	-4,506	4,632
Measurement of equity instruments		-1,306	-
Income tax expense (income) on other comprehensive income		1,278	-1,165
Other comprehensive income which cannot be reclassified to profit or loss (non-recyclable)		-4,764	3,021
Exchange differences		3,259	-1,145
Gains/losses from fair value measurement of securities		-	2,679
Gains/losses from cash flow hedges			
in the year under review		-546	34
Income tax expense (income) on other comprehensive income		136	-678
Other comprehensive income which can subsequently be reclassified to profit or loss (recyclable)		2,849	890
Other comprehensive income		-1,915	3,911
Total income		64,280	67,602
of which attributable to non-controlling interests		760	366
Share attributable to shareholders of the parent and holders of profit-participation rights		63,520	67,236
of which attributable to holders of profit-participation rights		2,664	2,664
Share attributable to shareholders of the parent		60,856	64,572

Consolidated Cash Flow Statement

in TEUR Note (42)	2018	2017
Profit/loss for the year	66,195	63,691
Depreciation, impairment and reversals of impairment on fixed assets and financial assets	124,239	113,945
Interest income/expense	7,946	5,630
Income from companies accounted for under the equity method	-26,272	-23,789
Dividends from companies accounted for under the equity method	18,882	9,624
Profits from the disposal of fixed assets	-18,842	-10,608
Decrease in long-term provisions	-4,884	-485
Deferred income tax	1,406	11,954
Operating cash flow	168,670	169,962
Decrease in short-term provisions	-5,007	-16,859
Increase/decrease in tax provisions	14,849	-805
Increase/decrease in inventories	-7,728	5,269
Increase in receivables	-177,791	-309,258
Increase in payables (excluding banks)	189,012	144,246
Interest received	16,736	11,867
Interest paid	-17,892	-15,838
Other non-cash transactions	5,443	-4,481
Cash flow from operating activities	186,292	-15,897
Proceeds from the disposal of intangible assets	45	48
Proceeds from the sale of property, plant and equipment and disposal of investment property	40,725	44,704
Proceeds from the sale of financial assets	2,535	21
Proceeds from repayment of loans	867	3,080
Investments in intangible assets	-4,193	-1,590
Investments in property, plant and equipment and investment property	-118,014	-162,517
Investment in financial assets	-17,519	-4,450
Investment in loans	-23,414	-709
Payouts for financial investments	-	-45,000
Proceeds from financial investments	-	45,000
Repayment of other financial assets	50,000	-
Proceeds from the sale of consolidated companies	1,404	-
Payouts for the purchase of subsidiaries less cash and cash equivalents	-1,128	-88,480
Cash flow from investing activities	-68,692	-209,893
Dividends	-42,992	-36,118
Payouts to non-controlling interests	-1,160	-1,681
Proceeds from Schuldscheindarlehen	40,000	57,973
Repayment of Schuldscheindarlehen	-63,000	-58,000
Repayment of bonds	-46,946	-
Obtaining loans and other financing	445,080	196,641
Redeeming loans and other financing	-485,694	-174,975
Hybrid capital	-	123,412
Acquisition of non-controlling interests	-115	-4
Cash flow from financing activities	-154,827	107,248
Cash flow from operating activities	186,292	-15,897
Cash flow from investing activities	-68,692	-209,893
Cash flow from financing activities	-154,827	107,248
Change to cash and cash equivalents	-37,227	-118,542
Cash and cash equivalents as of 1 Jan	358,707	476,430
Currency differences	-1,749	819
Changes to cash and cash equivalents resulting from changes to the consolidated group	-57	-
Cash and cash equivalents as of 31 Dec	319,674	358,707
Tax paid	5,681	10,485

Consolidated Statement of Financial Position

in TEUR	Notes	31.12.2018	31.12.2017
Assets			
Non-current assets			
Intangible assets	(17)	148,212	139,916
Property, plant and equipment	(18)	666,758	612,760
Investment property	(19)	65,971	70,259
Shareholdings in companies accounted for under the equity method	(20)	93,200	61,818
Loans	(21)	48,802	23,792
Other financial assets	(22)	41,576	94,557
Other non-current financial assets	(25)	25,026	24,555
Deferred tax assets	(29)	14,557	9,487
		1,104,102	1,037,144
Current assets			
Inventories	(23)	82,798	74,739
Trade receivables	(24)	1,461,729	1,301,576
Other financial assets	(25)	97,188	97,924
Other receivables and current assets	(26)	49,220	9,136
Cash and cash equivalents	(27)	319,674	358,707
Assets held for sale	(28)	25	5,564
		2,010,634	1,847,646
Total assets		3,114,736	2,884,790
Equity and liabilities			
Equity			
Share capital	(30)	29,095	29,095
Capital reserve	(31)	251,287	251,287
Hybrid capital	(31)	155,290	155,318
Other reserves	(31)	135,974	115,466
Equity attributable to shareholders of the parent		571,646	551,166
Profit-participation rights	(32)	42,624	42,624
Non-controlling interests	(33)	3,964	3,248
		618,234	597,038
Non-current liabilities			
Bonds and Schuldscheindarlehen	(35)	175,586	233,639
Provisions	(34)	149,150	146,410
Non-current financial liabilities	(36)	188,142	147,096
Other non-current financial liabilities	(38)	3,079	4,433
Deferred tax liabilities	(29)	57,688	55,486
		573,645	587,064
Current liabilities			
Bonds and Schuldscheindarlehen	(35)	56,290	67,663
Provisions	(34)	133,757	130,339
Current financial liabilities	(36)	49,840	57,738
Trade payables	(37)	1,154,351	1,032,040
Other current financial liabilities	(38)	41,257	21,372
Other current liabilities	(39)	449,098	367,572
Tax payables		38,264	23,964
		1,922,857	1,700,688
Total equity and liabilities		3,114,736	2,884,790

Statement of Changes in Group Equity

in TEUR	Notes (30-33)	Share capital	Capital reserve	Revaluation reserve	Remeasurement from defined benefit obligations	Measurement of equity instruments	Foreign currency translation reserves
Balance as of 1 Jan 2017		29,095	251,287	12,767	-30,767	-	2,156
Total profit/loss for the year		-	-	-	-	-	-
Other comprehensive income		-	-	-5,044	3,481	-	-916
Total income for the year		-	-	-5,044	3,481	-	-916
Dividend payout		-	-	-	-	-	-
Income tax on interest for holders of hybrid/mezzanine capital		-	-	-	-	-	-
Hybrid capital		-	-	-	-	-	-
Changes to the consolidated group/ acquisition of non-controlling interests		-	-	-	-	-	-
Balance as of 31 Dec 2017		29,095	251,287	7,723	-27,286	-	1,240
Restatement from the first-time application of IFRS 9		-	-	-	-	-	-
Restatement from the first-time application of IFRS 15		-	-	-	-	-	-
Balance as of 1 Jan 2018		29,095	251,287	7,723	-27,286	-	1,240
Total profit/loss for the year		-	-	-	-	-	-
Other comprehensive income		-	-	-987	-3,551	-29	3,069
Total income for the year		-	-	-987	-3,551	-29	3,069
Dividend payout		-	-	-	-	-	-
Income tax on interest for holders of hybrid/mezzanine capital		-	-	-	-	-	-
Capital increase		-	-	-	-	-	-
Changes to the consolidated group/ acquisition of non-controlling interests		-	-	-	-	-	-
Balance as of 31 Dec 2018		29,095	251,287	6,736	-30,837	-29	4,309

Debt securities available for sale – fair value reserve	Reserve for cash flow hedges	Hybrid capital	Retained earnings and non-retained profit	Equity attributable to shareholders of parent	Profit-participation rights	Non-controlling interests	Total
-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
-	-	-	1,013	1,013	-	-	1,013
-	-	123,809	-	123,809	-	-	123,809
-	-	-	206	206	-	1,335	1,541
1,737	-629	155,318	132,681	551,166	42,624	3,248	597,038
-1,737	-	-	1,737	-	-	-	-
-	-	-	-2,613	-2,613	-	-	-2,613
-	-629	155,318	131,805	548,553	42,624	3,248	594,425
-	-	8,534	54,192	62,726	2,664	805	66,195
-	-410	-	38	-1,870	-	-45	-1,915
-	-410	8,534	54,230	60,856	2,664	760	64,280
-	-	-8,562	-31,766	-40,328	-2,664	-1,160	-44,152
-	-	-	2,807	2,807	-	-	2,807
-	-	-	-	-	-	1,194	1,194
-	-	-	-242	-242	-	-78	-320
-	-1,039	155,290	156,834	571,646	42,624	3,964	618,234

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 business year from 1 January to 31 December. The majority of numerical entries are rounded up or down to the nearest thousand (TEUR) and may result in rounding differences.

2. Consolidated group

In addition to PORR AG, 77 (previous year: 72) domestic subsidiaries and 69 (previous year: 69) foreign subsidiaries are included in the consolidated financial statements. For one company the Group only holds 49% of the shares, however, the remainder of the shares are held in trust for PORR and the company is therefore included in the consolidated group. Nine (previous year: ten) companies are no longer included in the consolidated group, whereby four companies were eliminated through intragroup mergers.

For two companies the number of shares sold meant that only significant influence remains and these were accounted for under the equity method. Two companies were liquidated, while one company was sold off in full. The purchase price of TEUR 1,236 was settled in cash. The assets and liabilities where control was lost break down as follows:

	2018
Non-current assets	
Property, plant and equipment	33
Deferred tax assets	253
Current assets	
Inventories	37
Trade receivables	1,579
Other financial assets	132
Other receivables and current assets	396
Cash and cash equivalents	69
Non-current liabilities	
Provisions	-117
Deferred tax liabilities	-81
Current liabilities	
Provisions	-9
Current financial liabilities	-224
Trade payables	-1,271
Other current financial liabilities	-744
Other current liabilities	-243
Tax payables	-38

Gains on sale amounting to TEUR 1,359 were recognised in income/expenses from financial assets. The fair value measurement of the remaining equity stake led to a gain of TEUR 1,235 and is recognised in companies accounted for under the equity method.

2.1. First-time consolidations

In these consolidated financial statements the following 14 companies were consolidated for the first time:

	Date of initial consolidation
Because of new foundations	
ISHAP Software Solutions GmbH	15.2.2018
SAM03 Beteiligungs GmbH	3.4.2018
ASCI Logistik GmbH	24.4.2018
CIS Beton GmbH	24.4.2018
PORR Recycling GmbH	7.6.2018
PORR Manangement GmbH	2.8.2018
BBGS Spolka z ograniczona odpowiedzialnoscia	26.9.2018
BB Government Services société privée á responsabilité limitée	27.8.2018
Joint Venture Tunel Swinoujscie s.c.	12.9.2018

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

	Date of initial consolidation
Because of acquisitions	
PORR Infra GmbH (formerly Tunnel- & Traffic Consulting GmbH)	31.1.2018
PHF Verwaltungsgesellschaft Seevetal GmbH i.L.	28.9.2018
Alpine Bau CZ Group	
ALPINE Bau CZ a.s.	15.11.2018
ALPINE SLOVAKIA spol. s.r.o.	15.11.2018
ALPINE AT GmbH	15.11.2018

The acquisition of PHF Verwaltungsgesellschaft Seevetal GmbH i.L. comprises the purchase of a shell company that does not represent a business combination pursuant to IFRS 3. TEUR 1,000 was used for the purchase and was settled in cash; there was an influx to assets of TEUR 2,403 in cash and cash equivalents.

TEUR 36 was used for the purchase of 100% of PORR Infra GmbH. The purchase price was settled in cash. The company operates in the areas of development, execution, maintenance and trading with electronic devices and equipment in the infrastructure sector, especially in traffic and tunnel technology and tunnel fittings. The purchase price was allocated to the Group's assets and liabilities as follows:

	2018
Non-current assets	
Other intangible assets	14
Property, plant and equipment	128
Current assets	
Trade receivables	207
Other financial assets	14
Cash and cash equivalents	66
Current liabilities	
Provisions	-108
Trade payables	-47
Other current liabilities	-238
Purchase price	36

TEUR 3,530 was used for the purchase of 100% of Alpine Bau CZ a.s. and its subsidiaries (ALPINE Bau CZ Group). The purchase price was settled in cash. Furthermore, there is an earn-out clause that caps an additional purchase price at TEUR 500 in relation to the final inflows from two projects. The earn-out clause has been valued at TEUR 500. The group operates in project development and delivering construction services. The purchase price was allocated to the Group's assets and liabilities in accordance with IFRS 3.45 as follows:

	2018
Non-current assets	
Goodwill	12,220
Other intangible assets	157
Property, plant and equipment	10,562
Shareholdings in companies accounted for under the equity method	6,729
Deferred tax assets	1,214
Current assets	
Inventories	368
Trade receivables	30,558
Other financial assets	1,204
Other receivables and current assets	926
Cash and cash equivalents	1,000
Non-current liabilities	
Non-current financial liabilities	-2,697
Deferred tax liabilities	-1,220
Current liabilities	
Provisions	-9,373
Current financial liabilities	-10,311
Trade payables	-20,138
Other current financial liabilities	-6,913
Other current liabilities	-10,256
Purchase price	4,030

The acquisition of the Alpine Bau CZ Group led to the application of goodwill not deductible for tax purposes, as the purchase price includes the benefits of synergic effects, particularly key strategic advantages in road construction in the Czech Republic. The purchase price allocation shall be considered provisional, especially as regards contract assets, shareholdings in companies accounted for under the equity method and provisions.

The initial consolidation of the companies contributed TEUR -2,906 to earnings before taxes for the period and TEUR 15,615 to revenue. Assuming a notional date of first-time consolidation of 1 January 2018, Group revenue would change by TEUR 6,141 because of PORR Infra GmbH and earnings by TEUR -2,712, while the Alpine Bau CZ Group would cause a change in revenue of TEUR 42,735 and in EBT of TEUR -20,552.

Regarding the acquisition of the Hinteregger Group concluded in the 2017 business year, the purchase price allocation was finalised in 2018, whereby the fair value of property, plant and equipment (TEUR -1,194), liabilities for the earn-out clause II (TEUR 548) and goodwill were adjusted in the amount of TEUR 1,742.

Furthermore, 44 (previous year: 45) domestic and 35 (previous year: 27) 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. Nine (previous year: 10) subsidiaries and 28 (previous year: 28) shareholdings in associates and joint ventures were therefore not included in the consolidation or accounted for under the equity method; this primarily relates to general partner companies.

3. New accounting standards

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

The Group applied the following standards for the first time as of 1 January 2018, whereby only the first-time application of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments had a significant impact.

New standard or amendment	Date of publication by IASB	Date of adoption into EU law	Date of initial application
IFRS 9 Financial Instruments	24.7.2014	22.11.2016	1.1.2018
IFRS 15 Revenue from Contracts with Customers	28.5.2014	22.9.2016	1.1.2018
Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	12.9.2016	3.11.2017	1.1.2018
Clarification to IFRS 15 Revenue from Contracts with Customers	12.4.2016	31.10.2017	1.1.2018
Annual Improvements to IFRS Standards 2014–2016 Cycle, Clarification to IFRS 28 and IFRS 1	8.12.2016	7.2.2018	1.1.2018
Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions	20.6.2016	26.2.2018	1.1.2018
Amendments to IAS 40 Transfers of Investment Property	8.12.2016	14.3.2018	1.1.2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	8.12.2016	28.3.2018	1.1.2018

The impacts of the first-time application of IFRS 15 and IFRS 9 mainly relate to:

- **Bundling contracts**
- **Disclosures related to the measurement of securities at fair value**

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 (transfer of risks and rewards). Furthermore, the scope of the requisite disclosures in the notes has been expanded.

For its initial application, PORR has chosen the cumulative adjustment approach IFRS 15.C3(b). This means that the effects for the first-time application as of 1 January 2018 are recognised directly in equity and do not therefore require any retrospective adjustments to the comparative figures for 2017. Therefore the standards valid up until this point in time, IAS 18 and IAS 11, continue to apply to the comparative period.

The following table shows the net impact on the retained earnings statement of financial position as of 1 January 2018 from the first-time application of IFRS 15:

in TEUR	Consolidated statement of financial position as of 1.1.2018	Adjustment through first-time application of IFRS 15	Consolidated statement of financial position as of 31.12.2017 without adjustments IFRS 15
Assets			
Trade receivables	1,298,093	3,483	1,301,576
Current assets	1,844,163	3,483	1,847,646
Total assets	2,881,307	3,483	2,884,790
Equity and liabilities			
Other reserves	112,853	2,613	115,466
Equity	594,425	2,613	597,038
Deferred tax liabilities	54,616	870	55,486
Non-current liabilities	583,581	3,483	587,064
Total equity and liabilities	2,881,307	3,483	2,884,790

The following table shows a reconciliation of the impacts from the first-time application of IFRS 15 on the items of the statement of financial position as of 31 December 2018 as well as on the consolidated income statement and the statement of comprehensive income for the period 1 January 2018 to 31 December 2018.

in TEUR	Consolidated statement of financial position as of 31.12.2018	Adjustments	Consolidated statement of financial position as of 31.12.2018 without adjustments IFRS 15
Assets			
Trade receivables	1,461,729	1,448	1,463,177
Current assets	2,010,634	1,448	2,012,082
Total assets	3,114,736	1,448	3,116,184
Equity and liabilities			
Other reserves	135,974	1,086	137,060
Equity	618,234	1,086	619,320
Deferred tax liabilities	57,687	362	58,049
Non-current liabilities	573,645	1,448	575,093
Total equity and liabilities	3,114,736	1,448	3,116,184

in TEUR	Consolidated income statement 1-12/2018	Adjustments	Consolidated income statement 1-12/2018 without adjustments IFRS 15
Revenue	4,959,109	-1,969	4,957,140
Share of profit/loss of companies accounted for under the equity method	86,551	-66	86,485
EBITDA	219,467	-2,035	217,432
EBIT	92,324	-2,035	90,289
EBT	88,131	-2,035	86,096
Income tax expense	-21,936	508	-21,428
Profit/loss of the year	66,195	-1,527	64,668
of which attributable to shareholders of parent	62,726	-1,527	61,199

Description of revenues and impacts of first-time application based on type of revenue:

The following shows the impacts of the first-time application compared to the previously applied accounting and measurement methods on the different types of revenue at PORR:

Revenues from construction contracts (all segments)

In general, revenue continues to be realised over the period of the service rendered under application of the POC method; this also applies for revenues from customer contracts being realised in consortiums. The method for determining the level of completion remains unchanged. Should appropriate conditions be met, multiple contracts are aggregated and measured together from across the Group with the aid of benchmarks. Subsequent amounts shall be applied when it is highly probable that they will not lead to a reversal of the revenues already recognised. Invoices for advance payments are provided in line with a predefined payment plan that broadly corresponds to progress made on the construction project. In individual cases, the payment plans include a financing component that is recognised separately in the financing result as interest income.

Projects with different margins are aggregated and this can result in minimal time lags in recognising revenue. No changes have resulted in relation to recognising prepayments; there were no financing components.

Landfill revenues (segment Business Unit 4 – Environmental Engineering, Healthcare & Services)

Revenues from landfill operations are realised at a point in time. No significant changes to the previously applied accounting and valuation methods have resulted from the first-time application.

Income from the sale of raw materials (segments Business Unit 1 – Austria, Switzerland, Czech Rep. and Business Unit 2 – Germany)

Revenues from the sale of raw materials are realised at a point in time. No significant changes to the previously applied accounting and valuation methods have resulted from the first-time application.

Property management (segment Business Unit 4 – Environmental Engineering, Healthcare & Services)

Service revenues from property management are realised over a period of time. No significant changes to the previously applied accounting and valuation methods have resulted from the first-time application.

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.

The transitional provisions of IFRS 9 only permit a retrospective adjustment in accordance with IAS 8 in exceptional cases (hedges). What this means for PORR is that the effects of the first-time application as of 1 January 2018 are recognised directly in equity and do not therefore require any retrospective adjustments to the comparative figures for 2017. Therefore the standard valid up until this point in time, IAS 39, continues to apply to the comparative period. The first-time application of IFRS 9 has had no impact on retained earnings.

The following table shows a reconciliation of the impacts from the first-time application of IFRS 9 on the consolidated income statement and the statement of comprehensive income for the period 1 January 2018 to 31 December 2018.

in TEUR	Consolidated income statement 1-12/2018	Adjustments	Consolidated income statement 1-12/2018 without adjustments IFRS 15
Income from financial investments and other current financial assets	18,466	534	19,000
Income tax expense	-21,936	-134	-22,070

in TEUR	Statement of comprehensive income 1-12/2018	Adjustments	Statement of comprehensive income 1-12/2018 without adjustments IFRS 9
Fair value measurement of securities	-	-534	-534
Fair value of equity interests	-	711	711
Income tax expense (income) attributable to other comprehensive income	-	-85	-85

Classification and measurement categories

As of 1 January 2018 the Group has evaluated the business model for each financial instrument and subsequently assigned them to the appropriate categories in accordance with IFRS 9. The reclassifications can be clearly seen in the following table:

	Old measurement categories (IAS 39)	New measurement categories (IFRS 9)	Old carrying amount (IAS 39)	New carrying amount (IFRS 9)
Assets				
Loans	Loans and Receivables	Amortised Cost (AC)	23,886	23,886
Other financial assets	Available for Sale Financial Assets (at cost)	Fair Value through OCI (FVTOCI)	3,975	3,975
Other financial assets	Available for Sale Financial Assets (at cost)	Fair Value through Profit & Loss (FVTPL)	920	920
Other financial assets	Available for Sale Financial Assets	Fair Value through Profit & Loss (FVTPL)	12,466	12,466
Other financial assets	Available for Sale Financial Assets	Fair Value through OCI (FVTOCI)	77,196	77,196
Trade receivables	Loans and Receivables	Amortised Cost (AC)	647,050	647,050
Financial assets	Loans and Receivables	Amortised Cost (AC)	118,040	118,040
Financial assets	Financial Assets Held for Trading	Fair Value through Profit & Loss (FVTPL)	100	100
Derivatives (without hedges)	Financial Assets Held for Trading	Fair Value through Profit & Loss (FVTPL)	4,243	4,243
Cash and cash equivalents	-	-	358,707	358,707
Equity and liabilities				
Bonds	Financial Liabilities Measured at Amortised Cost	Amortised Cost (AC)	101,889	101,889
Schuldscheindarlehen	Financial Liabilities Measured at Amortised Cost	Amortised Cost (AC)	199,413	199,413
Bank loans and overdrafts	Financial Liabilities Measured at Amortised Cost	Amortised Cost (AC)	117,141	117,141
Financial liabilities	Financial Liabilities Measured at Amortised Cost	Amortised Cost (AC)	751	751
Lease obligations	-	-	85,120	85,120
Trade payables	Financial Liabilities Measured at Amortised Cost	Amortised Cost (AC)	1,032,040	1,032,040
Other financial liabilities	Financial Liabilities Measured at Amortised Cost	Amortised Cost (AC)	25,805	25,805
Derivatives (without hedges)	Financial Liabilities Measured at Amortised Cost	Fair Value through Profit & Loss (FVTPL)	612	612
Derivatives (with hedges)	-	-	1,210	1,210

Impairment of financial assets

IFRS 9 replaces the incurred loss model with the expected credit loss model. The new model is applicable for financial instruments recognised at amortised cost, for contract assets (IFRS 15) and debt instruments recognised at fair value directly in equity, as well as lease receivables (IAS 17/IFRS 16).

Financial instruments recognised at fair value in equity comprise nonconsolidated interests in subsidiaries and other equity components.

The impairment model of IFRS 9 calls for the formation of a risk provision in the amount of the twelve-month expected credit loss (stage 1). Should a significant increase in the credit risk occur, then the lifetime expected credit loss is recognised (stage 2). If there is objective evidence of actual impairment, then stage 3 applies. This does not necessarily result in the recognition of additional impairment, although an adjustment of cash flows to the net present value is required for financial instruments recognised under application of the effective interest method.

In the course of the first-time application, PORR decided to apply the simplified approach allowed by IFRS 9.5.5.15 has been applied for trade receivables, contract assets and lease receivables. This means that impairment at least in the amount of the lifetime expected credit loss model is recognised (stage 2). The general impairment model is applied to all of the other aforementioned financial instruments.

The Group draws on all available information when evaluating the significant increase in the credit risk after the initial measurement and when estimating the expected credit loss. This includes historic data and future-oriented information. As a general rule, no external creditworthiness assessments are available for financial instruments.

The significant financial instruments to be valued in accordance with the general impairment model relate to project financing for companies accounted for under the equity method and other equity interests. Should no external creditworthiness assessments be available, then the credit risk is monitored using KPIs such as the DSo and equity ratio for each equity interest.

Measurement of the expected credit loss

The expected credit loss is calculated on the basis of the product from the expected net of the financial instrument, the probability of default for the period and the amount lost in the case of an actual loss.

Disclosing impairment

Impairment of assets recognised at amortised cost is deducted directly from the asset. Impairment is recognised in equity for financial instruments at fair value directly in equity.

Impairment expenses related to trade receivables and contract assets are disclosed separately in the consolidated income statement. No impairment was recognised in the year 2018.

Impairment expenses in relation to other financial instruments are shown under the financing result, as was previously the case with IAS 39.

Impacts of the new impairment model

It is expected that impairment will have to be applied earlier to assets that fall within the scope of the impairment regulations of IFRS 9. Impairment on receivables is recognised on the basis of decreases in output and does not generally relate to any impairment resulting from changes in creditworthiness. Overdue trade receivables primarily relate to public clients and industrial companies with a top credit rating and low default risk. The analysis of the historic data did not show any losses, therefore the first-time application of IFRS 9 did not have any impact on impairment as of 1 January 2018.

Loans and project financing were allocated to level 1 of the impairment model when IFRS 9 was applied for the first time, as no significant increase in the credit risk has been identified since the first-time application. The analysis of the historic data did not show any losses, therefore the first-time application of IFRS 9 did not have any impact on impairment as of 1 January 2018.

Hedge accounting

PORR has not exercised the option of continuing to apply the rules of IAS 39 for its hedge accounting; this option would not have had a significant impact on hedge accounting.

3.2. New accounting standards which have not yet been applied

The following standards and interpretations were not mandatory in reporting periods beginning on or after 1 January 2018 and the option to apply them early was not applied.

Standards and interpretations already adopted by the European Union

New standard or amendment	Date of publication by IASB	Date of adoption into EU law	Date of initial application
IFRS 16 Leases	13.1.2016	9.11.2017	1.1.2019
Amendments to IFRS 9 Prepayment Features with Negative Compensation	12.10.2017	22.3.2018	1.1.2019
IFRIC 23 Uncertainty over Income Tax Treatments	7.6.2017	23.10.2018	1.1.2019
Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures	12.1.2017	8.2.2019	1.1.2019
Annual Improvements to IFRSs 2015-2017 Cycle	12.12.2017	14.3.2019	1.1.2019
Amendments to IAS 19 Plan Amendments, Curtailments or Settlements	7.2.2018	13.3.2019	1.1.2019

IFRS 16 Leases

The standard specifies how to recognise, measure, present and disclose leases. IFRS 16 replaces the previous standard IAS 17 and three interpretations related to leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value (option to choose). On initial recognition the liability is discounted and in subsequent years it decreases through lease payments, while also increasing through unwinding. At the same time, a right of use 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. IFRS 16 features different transition options. PORR has decided against early adoption and chosen the modified retrospective approach.

The following tables show the impacts from the first-time application of IFRS 16 on the consolidated statement of financial position and on the consolidated income statement as of 31 December 2018.

in TEUR	Consolidated statement of Financial Position as of 31 Dec 2018	Adjustments	Consolidated statement of Financial Position as of 31 Dec 2018 incl. IFRS 16 adjustments
Assets			
Property, plant and equipment	666,758	195,319	862,077
Non-current assets	1,104,102	195,319	1,299,421
Total assets	3,114,736	195,319	3,310,055
Equity and liabilities			
Other reserves	135,974	-2,527	133,447
Equity	618,234	-2,527	615,707
Non-current financial liabilities	188,142	172,430	360,572
Non-current liabilities	573,645	172,430	746,075
Current financial liabilities	49,840	25,416	75,256
Current liabilities	1,922,857	25,416	1,948,273
Total equity and liabilities	3,114,736	195,319	3,310,055

in TEUR	Consolidated income statement 1-12/2018	Adjustments	Consolidated income statement 1-12/2018 incl. adjustments IFRS 16
Other operating expenses	-373,869	32,975	-340,894
EBITDA	219,467	32,975	252,442
Depreciation, amortisation and impairment expense	-127,143	-27,380	-154,523
EBIT	92,324	5,595	97,919
Finance costs	-22,659	-6,811	-29,470
EBT	88,131	-1,216	86,915

Standards and interpretations not yet adopted by the European Union

New standard or amendment	Date of publication by IASB	Date of initial application
IFRS 17 Insurance Contracts	18.5.2017	1.1.2021
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC - 32 updating or clarifying which version of the conceptual framework they relate to	29.3.2018	1.1.2020
Amendments to IFRS 3 Definition of a business	22.10.2018	1.1.2020
Amendments to IAS 1 and IAS 8: Definition of materiality	31.10.2018	1.1.2020

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.

5.1. 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 other equity interests, 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.

Contract assets from construction contracts that 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 business year (as an arithmetic mean of all end-of-month quotations). Differences resulting from the currency translation are reported in other comprehensive income. These translation differences are recognised in the income statement at the date of disposal of the business activities.

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

Exchange gains or losses on transactions undertaken by companies included in the 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.

	Rates of amortisation	
	2018	2017
Rental rights	1.22 - 50.0	1.22 - 50.0
Licences, software	8.33 - 50.0	8.33 - 50.0
Mining rights	depends on assets	depends on assets
Customer relations	14.3	14.3

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

If impairment is established, the relevant intangible assets are recognised at the recoverable amount, which is the fair value less costs of sale or the value in use, if higher. If the impairment ceases to apply, a reversal of the impairment is performed equivalent to the carrying amount, 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:

	Rates of depreciation	
	2018	2017
Technical plants and machinery	10.0 - 50.0	10.0 - 50.0
Other plants, factory and business equipment	10.0 - 50.0	10.0 - 50.0

The depreciation rates are based on the probable useful life of the facilities. If impairment is 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 on a regular basis so that the carrying amounts do not deviate significantly from the fair values attributable at the end of the reporting period. The date for the revaluation for the end of the reporting period generally falls in the fourth quarter of the reporting year. The carrying amount is adjusted to the respective fair value by using a revaluation reserve in other comprehensive income. The revaluation reserve is reduced by the applicable deferred tax liability. Regular depreciation of revalued buildings is carried out 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.

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

Leases are classified as finance leases when, according to the lease contract, all the risks and rewards relating to the ownership are essentially transferred to the lessee. All other leases 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 ventures are accounted for at acquisition cost, which is apportioned between the pro rata net assets acquired at fair value and, if applicable, goodwill. The carrying amount is increased or decreased annually by the proportionate annual profit or loss, dividends received and other changes to equity capital. Goodwill is not subject to planned amortisation, rather it is assessed for impairment as a part of the relevant shareholding when circumstances exist that indicate there may be possible impairment.

Shares in consortiums (joint ventures): Group shares in profits and losses from consortiums classified as joint ventures are 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.

Pursuant to the standards applicable as of 31 December 2017, **loans, other financial assets, securities, construction contracts and trade receivables** are measured as follows. Please see note 3.1 for changes arising from the amendments to IFRS 9 and IFRS 15.

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.

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 POC 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.

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.

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 (less deductions for directly attributable additional costs and related income taxes) will be recognised in the equity of PORR AG.

The **provisions for severance payments, pensions and anniversary bonuses** are determined by the projected unit credit method in accordance with IAS 19, which involves an actuarial assessment being performed by a recognised actuary on each reference date. In the valuation of these provisions for Austria and Germany, an interest rate for accounting purposes of 1.9% p.a. (previous year: 1.9%) was applied with salary increases of 2.0% (previous year: 2.1%). When determining provisions for severance payments and anniversary bonuses for Austria, deductions are made for fluctuations based on statistical data within a range of 0.4% to 10.5% (previous year: 0.4% to 10.5%) and for anniversary bonuses in Germany a range of 0.0% to 16.6% (previous year: 0.0% to 10.6%) was applied, while for severance payments in Poland a range of 0.0% to 9.25% 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 2018-P was used for calculating provisions in Austria (previous year: life table AVÖ 2008-P – Pagler & Pagler), while for Germany the life table Richttafeln 2018 G by Heubeck was used (previous year: life table Richttafeln 2005 G by Klaus Heubeck).

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.

Pursuant to the standards applicable as of 31 December 2017, **financial liabilities, derivative financial instruments and revenues** are measured as follows. Please see note 3.1 for changes arising from the amendments to IFRS 9 and IFRS 15.

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 the 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. Gains and losses from changes in the market value of forward contracts not designated as hedging instruments are recognised in profit or loss.

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 business year of results reported:

Provisions for severance and pensions

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

For pension provisions, the following actuarial assumptions were deemed relevant and the following margins were applied: Discount rate +/-0.25%, Pension trend +/-0.25%, Life expectancy +/-1 year.

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

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

2018	Interest +0.25 PP				Interest -0.25 PP			
	active	vested	liquid	total	active	vested	liquid	total
Pension DBO	-5.10%	-4.40%	-2.20%	-2.60%	5.50%	4.70%	2.20%	2.70%
	Pension trend +0.25 PP				Pension trend -0.25 PP			
	active	vested	liquid	total	active	vested	liquid	total
Pension DBO	5.50%	4.70%	2.20%	2.70%	-5.10%	-4.40%	-2.20%	-2.60%
	Life expectancy +1 year				Life expectancy -1 year			
	active	vested	liquid	total	active	vested	liquid	total
Pension DBO	4.10%	4.40%	6.50%	6.10%	-4.10%	-4.40%	-6.30%	-5.90%

2017	Interest +0.25 PP				Interest -0.25 PP			
	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 +0.25 PP				Pension trend -0.25 PP			
	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 +/-0.25%, Salary trend +/-0.25%, Fluctuation +/-0.5% 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 (see note 34) is shown in the tables below as relative deviations:

	Interest +0.25 PP	Interest -0.25 PP	Salary trend +0.25 PP	Salary trend -0.25 PP
Severance DBO	-1.89%	1.96%	1.93%	-1.87%
	Fluctuation +0.5 PP up to 25 th year of work	Fluctuation -0.5 PP up to 25 th year of work	Life expectancy +1 year	Life expectancy -1 year
Severance DBO	-0.18%	0.18%	0.08%	-0.09%

	Interest +0.25 PP	Interest -0.25 PP	Salary trend +0.25 PP	Salary trend -0.25 PP
Severance DBO	-1.90%	1.96%	1.92%	-1.86%
	Fluctuation +0.5 PP up to 25 th year of work	Fluctuation -0.5 PP up to 25 th year of work	Life expectancy +1 year	Life expectancy -1 year
Severance DBO	-0.16%	0.17%	0.10%	-0.11%

Contract assets

The evaluation of client contracts under the POC method until project completion, in particular with a view to the accounting of claims, the contract revenue using the POC method, and the estimate of the probable operating profit from the contract, is 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 final 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 31.12.2018	Significant valuation assumptions	Change	Effect on carrying amounts
Contract assets not including prepayments	3,262,707	EBT margin	+/-0.5 PP	+/-16,314
Provisions for onerous contracts	12,260	Provision/ contract value	+/-0.5 PP	+/-511
Provisions for damages and penalties	37,927	Provision/ contract value	+/-0.5 PP	+/-12,819
Provisions for guarantees	76,765	Provision/ contract value	+/-0.5 PP	+/-23,858
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	+/-0.5 PP	+/-17,640
Provisions for onerous contracts	18,280	Provision/ contract value	+/-0.5 PP	+/-634
Provisions for damages and penalties	37,648	Provision/ contract value	+/-0.5 PP	+/-9,784
Provisions for guarantees	69,583	Provision/ contract value	+/-0.5 PP	+/-18,886

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 the Alpine Bau CZ Group, which was newly acquired in the business year, as the purchase price allocation has not yet been finalised):

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

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.

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

	Discount rate +0.5%	EBITDA margin -10%
Hinteregger	-	-1,460

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 (PPI), the Oevermann Group and the BB Government Group.

7. Revenues

The gross revenues of TEUR 4,959,109 (previous year: TEUR 4,292,886) 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 recognised together with the proportion attributable to a company included in the consolidated financial statements, and then transferred to revenue.

in TEUR	2018	2017
Business areas		
BU 1 - Austria, Switzerland, Czech Republic	2,741,412	2,428,439
BU 2 - Germany	926,657	741,129
BU 3 - International	1,617,041	1,307,492
BU 4 - Environmental Engineering, Healthcare & Services	243,432	225,180
Holding	64,372	35,924
Total Group output	5,592,914	4,738,164
of which proportional output from companies accounted for under the equity method and subsidiaries and shareholdings of minor significance	-633,805	-445,278
Revenue	4,959,109	4,292,886

	BU 1 - Austria, Switzerland, Czech Republic	BU 2 - Germany	BU 3 - International	BU 4 - Environmental Engineering, Healthcare & Services	Holding	Group
Revenue						
Building construction						
Commercial/office construction	190,576	106,265	110,778	-	-	407,619
Industrial engineering	185,908	12,432	9,598	-	-	207,938
Miscellaneous building construction	197,483	120,780	43,016	-	8,372	369,651
Residential construction	480,320	71,968	14,226	-	-	566,514
Civil engineering						
Railway construction	103,629	-	197,210	-	-	300,839
Bridge/overpass construction	88,451	66,818	145,437	-	-	300,706
Miscellaneous civil engineering	191,964	181,679	53,530	12,255	-	439,428
Road construction	453,842	151,053	233,130	-	-	838,025
Tunnelling	10,661	54,146	514,437	-	-	579,244
Other sectors	553,937	84,405	121,768	177,224	11,811	949,145
Revenue	2,456,771	849,546	1,443,130	189,479	20,183	4,959,109
Revenue recognised over time	2,406,081	842,028	1,443,130	97,225	20,183	4,808,647
Revenue recognised at a point of time	50,690	7,518	-	92,254	-	150,462

Revenue can be subdivided as follows:

in TEUR	2018	2017
Revenues from construction contracts	4,655,427	4,001,726
Revenues from sales of raw materials and other services	303,682	291,160
Total	4,959,109	4,292,886

Revenue exclusively comprises revenue from customer contracts. Promised goods or services in the amount of TEUR 5,314,711 lead to revenue of TEUR 2,848,392 in the following year and TEUR 2,466,319 in the years after that.

8. Other operating income

in TEUR	2018	2017
Income from releases of provisions	33,394	32,370
Income from the sale of property, plant and equipment	17,887	12,577
Revenue from the provision of staff	26,189	19,354
Insurance payments	12,938	8,971
Exchange gains	14,437	12,728
Revenue from charging materials	10,144	7,761
Revenue from other charges passed on	19,979	18,005
Rent from space and land	4,996	4,585
Other income related to staff	6,380	4,885
Miscellaneous	37,579	49,682
Total	183,923	170,918

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

9. Cost of materials and other related production services

in TEUR	2018	2017
Expenditure on raw materials and supplies and for purchased goods	-1,068,261	-909,283
Expenditure on purchased services	-2,394,374	-2,034,744
Total	-3,462,635	-2,944,027

10. Staff expense

in TEUR	2018	2017
Wages and salaries	-952,294	-831,577
Social welfare expenses	-218,062	-190,415
Expenditure on severance payments and pensions	-8,442	-14,076
Total	-1,178,798	-1,036,068

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 12,371 (previous year: TEUR 9,571) was applied to intangible assets and depreciation of TEUR 114,772 (previous year: TEUR 100,889) to property, plant and equipment, of which TEUR 2,727 (previous year: TEUR 1,471) relates to impairment. For more detailed information please refer to notes 17 and 18.

12. Other operating expenses

in TEUR	2018	2017
Legal and consultancy services, insurance	-57,733	-45,459
Buildings and land	-66,654	-55,206
Exchange losses	-13,618	-7,004
Fleet	-36,145	-30,098
Advertising	-13,245	-13,371
Office operations	-32,214	-28,102
Commission on bank guarantees	-19,662	-16,554
Other taxes	-12,866	-10,013
Contributions and fees	-8,341	-9,673
Training	-4,525	-4,183
Travel expenses	-40,198	-34,911
Miscellaneous	-68,668	-92,038
Total	-373,869	-346,612

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 32,975 (previous year: TEUR 33,913).

13. Income from financial investments and current financial assets

in TEUR	2018	2017
Income from shareholdings	3,191	1,911
of which from affiliated companies	(-)	(24)
Expenditure from shareholdings	-489	-2,325
of which from affiliated companies	(-74)	(-1,702)
Income/expenditure from current financial assets	1,051	1,149
Interest	14,713	15,250
of which from affiliated companies	(-)	(43)
Total	18,466	15,985

Under the item interest, interest of TEUR 2,339 (previous year: TEUR 6,092) (see note 45) to the UBM Group is included. Interest relates to financial assets measured at fair value not affecting net income.

14. Finance costs

in TEUR	2018	2017
Interest and similar expenditure relating to bonds and Schuldscheindarlehen	-9,404	-10,025
Other interest and similar expenses	-13,255	-10,855
of which from affiliated companies	(-5)	(-6)
of which interest expenditure from social overhead capital provisions	(-2,627)	(-2,330)
Total	-22,659	-20,880

As in the previous year, no borrowing costs were capitalised in the year under review. The capitalisation rate was between 0.2% and 6.4% (previous year: 0.25% and 6.25%).

15. Income tax

Income tax comprises 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	2018	2017
Actual tax expense	20,530	9,679
Deferred tax expense (+)/income (-)	1,406	11,954
Tax expense (+)/income (-)	21,936	21,633

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

in TEUR	2018	2017
EBT	88,131	85,324
Theoretical tax expense (+)/income (-)	22,033	21,331
Differences in rates of taxation	-1,661	-2,404
Tax effect of non-deductible expenditure and tax-exempt income	-3,565	-715
Income/expenditure from companies accounted for under the equity method	-1,552	-3,541
Changes in deferred tax assets not applied in relation to loss carryforwards and temporary differences	952	6,721
Effect from taxation changes	-629	65
Tax expense (+)/income (-) related to other periods	6,506	926
Other	-148	-750
Taxes on income	21,936	21,633

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 -1,414 (previous year: TEUR -1,843). Payouts from capital derived by hybrid capital, profit-participation rights and the costs of the capital increase classified as equity capital are tax deductible. The resulting tax of TEUR 2,807 (previous year: TEUR 1,410) was recognised directly in equity.

Summary of tax effects in other comprehensive income:

in TEUR	2018	2017
Revaluation reserve	61	-
Remeasurement from defined benefit obligations	925	-1,170
Debt securities available for sale: fair value reserve	-	-670
Remeasurement of equity instruments	285	-
Reserve for cashflow hedges	136	-8
Equity attributable to shareholders of parent	1,407	-1,848
Equity attributable to non-controlling interests	7	5
Total	1,414	-1,843

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	2018	2017
Proportion of annual surplus relating to shareholders of parent	62,726	60,492
Weighted average number of issued shares and capital share certificates	28,878,505	28,878,505
Basic earnings per share = diluted earnings per share in EUR	2.17	2.09

As there were no potential diluted transactions for the business years 2017 and 2018, the diluted earnings per share correspond to the basic earnings per share.

Reconciliation statement for the weighted number of shares:

	2018	2017
Shares in issue as of 1 Jan	29,095,000	29,095,000
less treasury shares	-216,495	-216,495
Shares in issue less treasury shares as of 1 Jan	28,878,505	28,878,505
Weighted average of ordinary shares as of 31 Dec	28,878,505	28,878,505

17. Intangible assets

in TEUR	Concessions, licences and similar rights	Software	Goodwill	Other intangible assets	Total
Acquisition costs and manufacturing costs					
Balance as of 1 Jan 2017	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 as of 31 Dec 2017	33,156	56,257	108,176	12,928	210,517
Reclassification pursuant to IFRS 3.49	-	-	1,742	-	1,742
Additions/disposals due to changes in the consolidated group	-	492	12,220	-	12,712
Additions	972	3,221	-	-	4,193
Disposals	-56	-3,953	-3,957	-	-7,966
Reclassifications	20	2,714	-	-	2,734
Currency adjustments	29	-33	-343	-	-347
Balance as of 31 Dec 2018	34,121	58,698	117,838	12,928	223,585
Accumulated amortisation and impairment					
Balance as of 1 Jan 2017	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 as of 31 Dec 2017	18,224	38,575	2,800	11,002	70,601
Additions/disposals due to changes in the consolidated group	-	320	-	-	320
Additions (planned amortisation)	2,144	5,858	-	1,642	9,644
Additions (impairment)	-	-	2,727	-	2,727
Disposals	-34	-3,930	-3,956	-	-7,920
Currency adjustments	23	-22	-	-	1
Balance as of 31 Dec 2018	20,357	40,801	1,571	12,644	75,373
Carrying amounts - balance as of 31 Dec 2017	14,932	17,682	105,376	1,926	139,916
Carrying amounts - balance as of 31 Dec 2018	13,764	17,897	116,267	284	148,212

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 2018	Currency adjustments	Newly acquired goodwill	Disposal of goodwill	Impairment	Balance 31 Dec 2018
BU 1 – Austria, Switzerland, Czech Republic	12,561	-5	12,220	-	-1,623	23,153
BU 2 – Germany	57,328	-	-	-	-	57,328
BU 3 – International	33,672	-339	1,742	-	-	35,075
BU 4 – Environmental Engineering, Healthcare & Services	1,484	-	-	-	-795	689
Holding	331	-	-	-	-309	22
Total	105,376	-344	13,962	-	-2,727	116,267

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 the 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 segment Business Unit 2 – Germany, goodwill totalling TEUR 44,170 is allocated to the cash-generating unit of the Oevermann Group. In the segment Business Unit 3 – International, goodwill of TEUR 10,949 is allocated to the cash-generating unit Porr Polska Infrastructure, further goodwill totalling TEUR 23,388 is allocated to the cash-generating unit of the Hinteregger Group. The goodwill newly acquired in the reporting year from the Alpine Bau CZ Group has not yet been allocated to the cash-generating unit (provisionally allocated to the segment BU 1) as the purchase price allocation has 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 2,727 (previous year: TEUR 1,471), shown under the item “Depreciation, amortisation and impairment expense”, as well as amortisation on other intangible assets. Impairment related to goodwill was applied because of a downturn in the market environment or the expiry of a business model.

18. Property, plant and equipment

in TEUR	Land, land rights and buildings on land owned by others and assets under construction	Technical equipment and machinery	Other plant, factory and busi- ness equipment	Payments on account and assets under construction	Total
Acquisition costs, manufacturing costs and revaluations					
Balance as of 1 Jan 2017	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 as of 31 Dec 2017	478,063	553,571	166,409	18,067	1,216,110
Reclassification pursuant to IFRS 3.49	-	-1,197	3	-	-1,194
Additions/disposals due to changes in the consolidated group	3,985	8,175	1,731	1	13,892
Additions	28,541	76,445	53,251	13,551	171,788
Disposals	-9,030	-63,037	-35,770	-4,928	-112,765
Reclassifications	4,320	4,965	4,161	-11,605	1,841
Currency adjustments	-544	-910	-276	-38	-1,768
Revision arising from revaluation	-231	-	-	-	-231
Balance as of 31 Dec 2018	505,104	578,012	189,509	15,048	1,287,673
Accumulated depreciation and impairment					
Balance as of 1 Jan 2017	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 as of 31 Dec 2017	210,161	309,050	83,962	177	603,350
Additions/disposals due to changes in the consolidated group	299	1,432	1,504	-	3,235
Additions (planned depreciation)	14,916	64,812	35,044	-	114,772
Disposals	-4,030	-64,774	-31,531	-177	-100,512
Reclassifications	928	-2,935	2,935	-	928
Currency adjustments	-139	-579	-140	-	-858
Balance as of 31 Dec 2018	222,135	307,006	91,774	-	620,915
Carrying amounts - balance as of 31 Dec 2017	267,902	244,521	82,447	17,890	612,760
Carrying amounts - balance as of 31 Dec 2018	282,969	271,006	97,735	15,048	666,758

Land, land rights and buildings, including buildings on land owned by others, includes reserves for raw materials amounting to TEUR 52,648 (previous year: TEUR 56,900), 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 27,294 (previous year: TEUR 6,750).

The carrying amount for property, plant and equipment pledged for security at the end of the reporting period is TEUR 36,247 (previous year: TEUR 36,458).

The carrying amount for land, land rights and buildings, including buildings on land owned by others and usage rights shown under intangible assets would have amounted to TEUR 269,220 (previous year: TEUR 260,468) under application of the cost model as of 31 December 2018.

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 of 31 Dec 2018		
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	-	-	163,693
Gravel pit/stone quarry	-	-	62,700
Mix plant	-	-	11,430
Landfill	-	-	45,146

in TEUR	Fair value as of 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

Range of unobservable inputs 2018

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

Range of unobservable inputs 2017

	Operating premises/ storage	Gravel pit/ stone quarry	Landfills	Mix plants
	CE, CV	CE, CV	CE	CV
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 % ¹	3.00 - 10.00			
Income in EUR/t		7.50 - 40.00	7.50 - 80.00	
Expenses in EUR/t		4.64 - 13.84		
Land value in EUR/m ²				15.00 - 45.00
Construction period in EUR/m ²				1,000.00 - 1,650.00

CE = capitalised earnings

CV = comparative value

¹ Discount from value of new construction

² Discount from value of gross annual income

The impact of unobservable inputs on fair value.

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

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

Reconciliation of Level 3 valuations

in TEUR	Property type			
	Operating premises/ storage	Gravel pit/ stone quarry	Mix plants	Landfill
Balance as of 1 Jan 2018	142,240	66,729	10,845	48,088
Additions/disposals due to changes in the consolidated group	3,686	-	-	-
Additions	21,957	1,551	1,016	4,017
Disposals	-1,397	-2,938	-	-665
Reclassifications	3,475	-83	-	-
Currency adjustments	-388	-	-43	26
Revision arising from revaluation	-228	-	-3	-
Planned depreciation	-5,652	-2,559	-385	-6,320
Balance as of 31 Dec 2018	163,693	62,700	11,430	45,146

in TEUR	Property type			
	Operating premises/ storage	Gravel pit/ stone quarry	Mix plants	Landfill
Balance as of 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 depreciation	-7,109	-2,077	-407	-4,489
Balance as of 31 Dec 2017	142,240	66,729	10,845	48,088

Finance leases

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

in TEUR	2018	2017
Real estate leasing	12,400	9,838
Equipment leasing	123,356	96,738
Total	135,756	106,576

These carrying amounts are balanced by corresponding liabilities represented by the present value of the minimum lease payments, i.e. of TEUR 113,160 (previous year: TEUR 85,120).

The terms of the finance leases for real estate are between 20 and 38 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 two 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 options 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 two to 60 years.

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

in TEUR	2018	2017
Due within 1 year	25,416	31,499
Due between 1 and 5 years	58,805	79,527
Due after 5 years	113,625	170,755

19. Investment property

in TEUR

Acquisition costs, manufacturing costs and revaluations	
Balance as of 1 Jan 2017	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
Adjustments to fair value	-1,883
Balance as of 31 Dec 2017	70,259
Additions for purchases	407
Additions for manufacturing costs	147
Disposals	-2,456
Reclassifications	-3,627
Adjustments to fair value	1,241
Balance as of 31 Dec 2018	65,971

The value of investment property, which was assessed by an external expert as of the reporting date, amounted to TEUR 7,140 (previous year: TEUR 26,280).

The rental income from investment property amounted to TEUR 591 in the year under review (previous year: TEUR 841). Operating expenses related to investment property for which there was no rental income in the year under review amounted to TEUR 99 (previous year: TEUR 42).

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

Reclassifications of TEUR 3,627 (previous year: TEUR 0) relate to the reclassification of properties into property, plant and equipment; properties of TEUR 0 (previous year TEUR 1,250) were reclassified out of property, plant and equipment. Furthermore, properties worth TEUR 0 (previous year: TEUR 5,534) were reclassified into non-current assets held for sale.

Fair value of land and buildings

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

in TEUR	Fair value as of 31 Dec 2018		
	Prices quoted in active markets for identical assets Level 1	Other key observable inputs Level 2	Other key unobservable inputs Level 3
Property type			
Office/commercial	-	-	11,094
Undeveloped properties	-	52,400	-
Other	-	-	2,476

in TEUR	Fair value as of 31 Dec 2017		
	Prices quoted in active markets for identical assets Level 1	Other key observable inputs Level 2	Other key unobservable inputs Level 3
Property type			
Office/commercial	-	-	13,738
Undeveloped properties	-	54,020	-
Other	-	-	2,501

Range of observable inputs 2018

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

Range of observable inputs 2017

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

CV = comparative value

¹ Without construction plans

Range of non-observable inputs 2018

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

Range of non-observable inputs 2017

Property type	Valuation method	Capitalisation rate in %	Rent in EUR/m ²	Maintenance in % ¹	Vacancy rate in % ¹
Office/commercial	CE, CV	6.50 - 7.50	3.50 - 12.30	0.75	3.00 - 5.00

CE = capitalised earnings

CV = comparative value

¹ Discount from value of new construction

The impact of non-observable inputs on fair value

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

Reconciliation of Level 3 valuations:

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

in TEUR	Property type	
	Office/commercial	Other
Balance as of 1 Jan 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
Adjustments to fair value	-1,148	-434
Balance as of 31 Dec 2017	13,738	2,501

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.

Associated companies

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

in TEUR	2018	2017
Revenue	260,012	133,971
Profit of the year	29,374	10,717
Other comprehensive income	869	-355
Total comprehensive income	30,243	10,362
Current assets	84,716	62,578
Current liabilities	-62,152	-49,298
Net assets	22,564	13,280
Group share of net assets as of 1 Jan	4,427	973
Group share of total comprehensive income	10,080	3,454
Dividends received	-6,986	-
Group share of net assets as of 31 Dec	7,521	4,427
Carrying amount of companies accounted for under the equity method as of 31 Dec	7,521	4,427

Disclosures on associated companies of minor significance

in TEUR	2018	2017
Carrying amount of companies accounted for under the equity method as for 31 Dec	25,034	25,117
Group share of		
profit/loss for the year	4,184	9,072
other comprehensive income	295	-221
Total comprehensive income	4,479	8,851

The accumulated amount of non-recognised shares of losses of associates as of 31 December 2018 is TEUR 4 (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	2018	2017
Revenue	1,497	1,937
Interest expense	-150	-213
Tax payables	-234	-83
Profit/loss for the year	2,847	3,055
Total comprehensive income	2,847	3,055
Non-current assets	20,086	14,500
Current assets	2,245	6,144
of which cash and cash equivalents	(979)	(3,127)
Non-current liabilities	-2,921	-
of which non-current financial liabilities	(-2,921)	(-)
Current liabilities	-485	-4,566
of which current financial liabilities	(-)	(-)
Net assets	18,925	16,078
Group share of net assets as of 1 Jan	14,814	12,892
Group share of total comprehensive income	1,791	1,922
Group share of net assets as of 31 Dec	16,605	14,814
Carrying amount of companies accounted for under the equity method as of 31 Dec	16,605	14,814

Another significant joint venture is AVALERIA Hotel Hafencity GmbH & Co. KG, in which the PORR Group acquired a direct holding of 56.88% in the 2018 business year. There is no control here due to a shareholder agreement. The purpose of the company is to develop and market the JUFA Hotel Hamburg Hafencity.

in TEUR	2018	2017
Revenue	1,291	-
Interest expense	-18	-
Tax payables	-1,786	-
Profit/loss of the year	10,177	-
Total comprehensive income	10,177	-
Non-current assets	52,000	-
Current assets	980	-
of which cash and cash equivalents	(383)	-
Non-current liabilities	-20,671	-
of which non-current financial liabilities	(-18,885)	-
Current liabilities	-1,224	-
of which current financial liabilities	(-)	-
Net assets	31,085	-
Net assets acquired	15,816	-
Group share of total comprehensive income	2,520	-
Group share of net assets as of 31 Dec	18,336	-
Carrying amount of companies accounted for under the equity method as of 31 Dec	18,336	-

Disclosures on joint ventures of minor significance:

in TEUR	2018	2017
Carrying amount of companies accounted for under the equity method at 31 Dec	25,704	17,460
Group share of		
profit/loss for the year	49,395	30,285
other comprehensive income	-96	255
Total comprehensive income	49,299	30,540

The share of the Group in the annual profit also includes the pro-rata earnings from non-significant consortiums amounting to TEUR 41,408 (previous year: TEUR 21,063), which is recognised under trade receivables and payables (see note 5.1).

The accumulated amount of non-recognised shares of losses of joint ventures as of 31 December 2018 is TEUR 1,808 (previous year: TEUR 1,352).

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

Consortium	Share in consortium in %		Activity	Location
	2018	2017		
ATCOST21	61	61	Construction of Filder, Obertürkheim and Untertürkheim tunnels	Germany
Albauftstieg Tunnel	58	58	Tunnelling lots 1, 2 and 3	Germany
Reconstruction Albulatunnel II	40	40	Construction of a 6 km long replacement tunnel from Albulatal to Engadin	Switzerland
CE Mur power plant Graz	60	60	Construction of a Mur power plant	Austria
Denys - Porr Monaco BA1	50	50	Construction of a high-pressure gas pipeline	Germany
GKI Triebwasserweg Maria Stein	33.33	33.33	Construction services for the Inn joint venture hydropower plant, lot MSBC "Triebwasserweg Maria Stein"	Austria
ARGE N4 EP KÜBRU	38.45	38.45	Bridge/road construction section 2, Süsswinkel - Goldau, Canton Schwyz	Switzerland
Arge FBZ Traunkirchen	66.67	66.67	Construction of the Traunkirchen forestal educational center	Austria
Arge KW Traunleiten	50	50	Construction of the Traunleiten hydropower plant	Austria
ARGE CPC	37.5	37.5	Planning and installation of overhead conductor rails and overhead lines for the Ceneri base tunnel / lot 2	Switzerland

2018 in TEUR	ATCOST21	Albauft- stieg Tunnel	Reconstr. Albula- tunnel II	CE Mur power plant Graz	Denys - Porr Monaco BA1	GKI Trieb- wasserweg Maria Stein	ARGE N4 EP KÜBRU	Arge FBZ Traun- kirchen	Arge KW Traunleiten	ARGE CPC
Revenue	161,912	110,859	29,869	35,509	33,560	44,890	30,885	24,962	15,388	88,489
Depreciation, amortisation and impairment	-5,725	-781	-1,420	-294	-55	-3,798	-222	-	-17	-197
Interest expense	-	-	-122	-	-	-	-	-	-	-26
Non-current assets	5,094	777	1,170	655	52	-	103	3	30	297
Current assets	188,720	89,075	25,575	57,672	14,444	95,932	8,663	5,706	6,633	72,400
of which cash and cash equivalents	(9,241)	(21,455)	(1,537)	(2)	(6,904)	(1,671)	(3,327)	(2,238)	(779)	(2,984)
Non-current liabilities	-	-	-	-	-	-	-	-	-	-
of which non-current financial liabilities	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Current liabilities	-193,814	-89,852	-26,745	-58,327	-14,496	-95,932	-8,766	-5,709	-6,663	-72,697
of which current financial liabilities	(-)	(-)	(-)	(-65)	(-)	(-)	(-)	(-)	(-)	(-)
Net assets	-	-	-	-	-	-	-	-	-	-

2017 in TEUR	ATCOST21	Albauft- stieg Tunnel	Reconstr. Albula- tunnel II	CE Mur power plant Graz	Denys - Porr Monaco BA1	GKI Trieb- wasserweg Maria Stein	ARGE N4 EP KÜBRU	Arge FBZ Traun- kirchen	Arge KW Traunleiten	ARGE CPC
Revenue	149,170	132,820	31,673	15,426	23,044	32,924	7,063	9,603	3,509	27,945
Depreciation, amortisation and impairment	-8,001	-1,254	-880	-64	-32	-24	-157	-4	-24	-15
Interest expense	-231	-	-85	-	-	-	-	-	-	-14
Non-current assets	7,253	1,451	2,080	418	18	-	193	3	30	35
Current assets	57,611	47,515	31,058	9,940	13,840	40,739	3,276	3,547	3,242	29,566
of which cash and cash equivalents	(17,846)	(16,109)	(290)	(60)	(10,601)	(815)	(1,821)	(922)	(488)	(1,850)
Non-current liabilities	-	-	-	-	-	-	-	-	-	-
of which non-current financial liabilities	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Current liabilities	-64,864	-48,966	-33,138	-10,358	-13,858	-40,739	-3,469	-3,550	-3,272	-29,601
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 18,870 (previous year: TEUR 14,368) and is shown under trade receivables and payables (see note 5.1).

21. Loans

in TEUR	2018	2017
Loans to companies accounted for under the equity method	17,231	13,788
Loans to companies in which an equity interest is held	31,002	8,731
Other loans	569	1,273
Total	48,802	23,792

22. Other financial assets

in TEUR	2018	2017
Shareholdings in non-consolidated subsidiaries	266	290
Other shareholdings	5,335	4,605
Financial assets available for sale	-	89,662
Other equity interests	35,975	-
Total	41,576	94,557

The miscellaneous financial assets relate to granting perpetual hybrid capital of TEUR 25,330 with an interest rate of 6.0% to UBM Development AG. Ordinary termination by PORR AG is excluded. The mezzanine loan of TEUR 50,000 was paid back by UBM Development AG in the 2018 business year. 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 25,179 at the reporting date (previous year: TEUR 77,196).

The remaining financial assets available for sale of TEUR 10,796 (previous year: TEUR 12,466) mainly comprise fixed-interest instruments. They are not subject to any restrictions on disposal.

23. Inventories

Inventories comprise the following:

	2018	2017
Finished and unfinished products and merchandise	5,584	4,834
Raw materials and supplies	66,408	51,349
Payments on account	10,806	18,556
Total	82,798	74,739

Allowances of TEUR -548 (previous year: TEUR -636) were recognised on products and merchandise in the year under review. No inventories were pledged as collateral for liabilities.

24. Trade receivables

Contract assets

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

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

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

Proportional contract values capitalised according to the percentage of completion of the contract as of 31 December 2018 are balanced by contract costs valued at TEUR 3,157,957 (previous year: TEUR 3,673,042), so that the recognised profit for these contracts amounts to TEUR 104,750 (previous year: TEUR 165,840).

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

Increase caused by:

- Newly started construction service contracts or progress made on projects

Decrease caused by:

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

Shares of the profits from consortiums are 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	31.12.2018	Remaining term > 1 year	31.12.2017	Remaining term > 1 year
Trade receivables	723,085	63,190	514,191	48,866
Receivables from construction contracts	-	-	654,527	-
Contract assets	608,253	-	-	-
Receivables from consortiums	130,391	8,476	132,858	11,533
Total	1,461,729	71,666	1,301,576	60,399

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

Trade receivables include contractual retentions of TEUR 55,743 (previous year: TEUR 48,477).

in TEUR	2018	2017
Trade receivables before allowances	892,675	620,394
Impairment allowances as of 1 Jan	106,203	75,243
Additions	98,940	77,975
Appropriation	-29,877	-37,378
Liquidation	-5,676	-9,637
Balance as of 31 Dec	169,590	106,203
Carrying amount of trade receivables	723,085	514,191

Maturity structure of receivables

in TEUR	2018	2017
Carrying amount as of 31 Dec	723,085	514,191
of which not overdue at closing date	471,972	344,853
of which overdue at closing date in the following time periods		
less than 30 days	37,327	48,487
between 30 and 60 days	18,608	15,860
between 60 and 180 days	23,798	30,895
between 180 and 360 days	54,320	15,309
more than 360 days	117,060	58,787

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	31.12.2018	Remaining term > 1 year	31.12.2017	Remaining term > 1 year
Loans	87	-	94	-
Receivables from companies accounted for under the equity method	37,112	12,590	32,806	7,680
Receivables from other shareholdings	9,691	-	8,158	-
Receivables from insurance	170	-	495	-
Other	75,153	12,436	80,925	16,875
Total	122,213	25,026	122,478	24,555

Forward contracts at fair value amounting to TEUR 2,424 (previous year: TEUR 4,243) are included under other financial assets (see note 43). In addition this item contains TEUR 4,287 (previous year: TEUR 6,022) of receivables from deposits, as well as receivables to the UBM Group totalling TEUR 14,473 (previous year: TEUR 19,164) (see note 45).

Receivables from non-consolidated subsidiaries, companies accounted for under the equity method and other shareholdings include contractual retentions amounting to TEUR 1,223 (previous year: TEUR 1,250).

26. Other receivables and assets

in TEUR	31.12.2018	Remaining term > 1 year	31.12.2017	Remaining term > 1 year
Tax assets	23,001	-	6,597	-
Receivables from supplier payments	24,582	-	-	-
Other	1,637	-	2,539	-
Total	49,220	-	9,136	-

27. Cash and cash equivalents

The cash and cash equivalents include cash at banks amounting to TEUR 319,320 (previous year: TEUR 358,390) and cash in hand of TEUR 354 (previous year: TEUR 317).

28. Non-current assets held for sale

The non-current assets held for sale relate to one property in the segment Business Unit 3 – International 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 2019 business year.

29. Deferred tax assets

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

in TEUR	2018		2017	
	Assets	Liabilities	Assets	Liabilities
Non-current assets, liabilities from finance leases	85,307	74,580	64,469	65,628
POC method	-	97,104	-	98,233
Untaxed reserves	-	3,135	-	3,251
Provisions	21,767	9,118	23,547	6,703
Tax loss carryforwards	33,732	-	39,800	-
Off-setting	-126,249	-126,249	-118,329	-118,329
Deferred taxes	14,557	57,688	9,487	55,486

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

Non-capitalised deferred tax assets based on loss carryforwards amount to TEUR 68,017 (previous year: TEUR 37,129), of which losses of TEUR 59,901 can be carried forward essentially without restriction, while TEUR 9,116 can be carried forward for the next five years.

30. Share capital

	No. 2018	EUR 2018	No. 2017	EUR 2017
Ordinary bearer shares	29,095,000	29,095,000	29,095,000	29,095,000
Total share capital	29,095,000	29,095,000	29,095,000	29,095,000

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

As of 31 December 2018 the company held a total of 216,495 treasury shares (previous year: 216,495 shares), respectively 0.74% of the share capital. In accordance with Section 65 Paragraph 5 of the Stock Corporation Act, the company does not have any rights, particularly voting rights, from the treasury shares.

Authorised capital

As of 31 December 2018, the Executive Board is authorised, in accordance with Section 169 of the Stock Corporation Act, to increase the share capital of the company within five years of entry of the authorisation of the AGM granted on 29 May 2018 being entered in the Commercial Register, with the approval of the Supervisory Board, in multiple tranches if so wished, to EUR 4,364,250 by issuing up to 4,364,250 no-par value shares for cash or consideration in kind – in either case also in multiple tranches, also in the course of direct subscription rights in accordance with Section 153, Paragraph 6 Stock Corporation Act – (authorised capital), whereby the issue price, which may not be lower than the pro rata share of share capital, the conditions of issue, the subscription ratio, and other details are to be determined by the Executive Board with the approval of the Supervisory Board. The Executive Board is authorised, with the approval of the Supervisory Board to exclude shareholders' subscription rights in full or in part

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

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

31. Reserves

The capital reserves result largely from the capital increases, adjustments and statute-barred dividend claims arising from previous years and the current year, less the costs for the capital increase. The capital reserves include an amount of TEUR 192,764 (previous year: TEUR 192,764) 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 reserves for equity instruments, 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 of 31 December 2018 were deducted from reserves and amounted to 216,495 shares as of the reporting date. An amount of TEUR 713 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 32,039 are available for distribution to shareholders in PORR AG. From the unrestricted retained earnings of PORR AG, which come to TEUR 180,998 as of 31 December 2018, an amount of TEUR 7,356 is restricted from distribution in accordance with Section 235 Paragraph 2 of the Austrian Commercial Code. The residual amount of TEUR 173,642 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 32,039,425.03, 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 8,562, 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, 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 as of 31 December 2015. From 1 January 2016 up to and including 31 December 2020 the interest amounts to 6.66% p.a. of the nominal capital of the profit-participation rights. From 1 January 2021 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 as of 1 Jan 2018	72,173	41,221	17,891	3,821	125,511	11,304	4,828	276,749
Additions/disposals from changes to the consolidated group	-	-867	-	-	9,277	-	208	8,618
Transfer	4,948	944	3,482	211	57,148	3,472	3,221	73,426
OCI changes								
from changes to demographic assumptions	-534	2,401	-	-	-	-	-	1,867
from changes to financial assumptions	-472	-222	-	-	-	-	-	-694
from changes to experience based adjustments	3,918	-585	-	-	-	-	-	3,333
Appropriation	-6,786	-2,603	-1,562	-361	-32,966	-1,270	-405	-45,953
Liquidation	-	-	-	-	-32,018	-1,374	-1,047	-34,439
Balance as of 31 Dec 2018	73,247	40,289	19,811	3,671	126,952	12,132	6,805	282,907
of which non-current	73,247	40,289	19,811	3,671	-	12,132	-	149,150
of which current	-	-	-	-	126,952	-	6,805	133,757

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 12,260 (previous year: TEUR 18,280), provisions for constructions represent provisions for impending losses arising from the order backlog and, at TEUR 76,765 (previous year: TEUR 69,583), provisions for guarantees and TEUR 37,927 (previous year: TEUR 37,648) 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 of service in each case.

Changes within provisions for severance pay were as follows:

in TEUR	2018	2017
Present value of severance obligations (DBO) as of 1 Jan	72,173	70,081
Changes to the consolidated group	-	3,415
Service cost (entitlements)	3,682	3,813
Interest paid	1,266	1,111
Severance payments	-6,786	-4,231
Actuarial profits (-)/losses (+)	2,912	-2,016
Present value of severance obligations (DBO) as of 31 Dec	73,247	72,173

in TEUR	2018	2017
Service cost (entitlements)	3,682	3,813
Net interest expense	1,266	1,111
Severance costs (recognised in profit and loss for the period)	4,948	4,924
Severance costs (recognised in other comprehensive income)	2,912	-2,016

For the year 2019, an interest expense of TEUR 1,268 and a current service cost of TEUR 3,611 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	2018	2017
Present value of the obligations covered by plan assets	21,697	22,001
Fair value of the plan assets	-13,187	-13,640
Net value of the obligations covered by plan assets	8,510	8,361
Present value of the obligations not covered by plan assets	31,779	32,860
Carrying amount of provisions as of 31 Dec	40,289	41,221

Pension costs

in TEUR	2018	2017
Service cost (entitlements)	205	159
Settlement	-	-26
Interest expense	989	903
Interest income	-250	-248
Pension costs (recognised in profit and loss for the period)	944	788
Pension costs (recognised in other comprehensive income)	1,594	-2,617

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	2018	2017
Present value of pension obligations (DBO) as of 1 Jan	54,860	45,803
Changes to the consolidated group	-867	15,846
Service cost (entitlements)	205	159
Interest paid	989	903
Pension payments	-3,509	-5,488
Settlement	-	-27
Actuarial profits (-)/losses (+)	1,798	-2,336
Present value of pension obligations (DBO) as of 31 Dec	53,476	54,860

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 2 of the Insurance Supervision Law.

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

Development of plan assets

in TEUR	2018	2017
Fair value of the plan assets as of 1 Jan	13,640	12,460
Changes to the consolidated group	-	1,625
Contribution payments	106	115
Interest income	250	248
Payouts (lease payments)	-1,012	-1,089
Actuarial profits (+)/losses (-)	203	281
Present value of plan assets as of 31 Dec	13,187	13,640

For the year 2019, an interest payment of TEUR 979 and a current service cost of TEUR 221 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 11,116 has been invested as follows with WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group:

Structure of investments in classic cover pool

in %	2018	2017
Fixed-income securities	63.76	42.85
Shares, supplementary capital, profit-participation rights, non-ownership capital	2.38	3.92
Investment funds	22.03	32.96
Affiliates and shareholdings	2.77	6.28
Loans	5.87	9.40
Properties	2.00	3.79
Cash in Bank	1.19	0.80
Total	100.00	100.00

Part of the plan assets amounting to TEUR 95 has been invested as follows by Sparkassen Versicherung AG:

Structure of investments in classic cover pool

in %	2018	2017
Property and alternative investments	2.47	2.47
Shares	1.08	1.08
Equity interests	3.01	3.01
Bonds and cash	93.44	93.44
Total	100.00	100.00

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

2018	Maturity profile - DBO			DBO	Maturity profile - Cash			Cash
	1 - 5 years	6 - 10 years	10+ years	Duration	1 - 5 years	6 - 10 years	10+ years	Duration
Pensions	16,417	12,691	22,986	10.92	17,185	14,615	36,865	14.18
Severance	32,038	16,400	24,547	7.85	35,982	25,415	82,644	12.9

2017	Maturity profile - DBO			DBO	Maturity profile - Cash			Cash
	1 - 5 years	6 - 10 years	10+ years	Duration	1 - 5 years	6 - 10 years	10+ years	Duration
Pensions	16,455	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 2,703 (previous year: TEUR 2,334) in 2018, of which TEUR 42 (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 2018, amounting to TEUR 50,591 (previous year: TEUR 45,893) and 4.6% of the wage of relevant employees is payable to the severance pay fund, amounting to TEUR 7,309 in 2018 (previous year: TEUR 6,638). 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 furthermore 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.2018	102.278
ISIN	AT0000A19Y28
Book value (less treasury shares)	EUR 55,291,110.00

The TEUR 50,000 bond issued by PORR AG with the value date 26 November 2013 was redeemed in full on 26 November 2018.

Schuldscheindarlehen (SSD):

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

In August 2016 investors were offered the option of a premature extension of the terms for three, five and seven years. In addition, the volume was increased from TEUR 185,500 to a total of TEUR 200,000. In February 2017 tranches totalling TEUR 58,000 and subject to variable interest rates were prematurely extended as follows: TEUR 18,000 to August 2020, TEUR 30,000 to August 2022 and TEUR 10,000 to August 2024. In August 2018, in addition to the contractually fixed repayment of the tranches subject to fixed rates totalling TEUR 21,000, tranches subject to variable rates totalling TEUR 40,000 were prematurely extended with a new end date of 14 August 2023.

in EUR	Nominal amount	Tenor	Interest	Interest rate
Tranche 1	1,000,000.00	12.8.2019	fixed	1.15%
Tranche 2	6,000,000.00	12.8.2020	fixed	2.249%
Tranche 3	5,000,000.00	12.8.2020	fixed	2.249%
Tranche 4	18,000,000.00	13.8.2020	variable	6-month EURIBOR + 1.25%
Tranche 5	20,000,000.00	12.8.2021	fixed	1.55%
Tranche 6	17,000,000.00	12.8.2021	fixed	1.55%
Tranche 7	10,000,000.00	12.8.2021	variable	6-month EURIBOR + 1.55%
Tranche 8	5,000,000.00	12.8.2021	variable	6-month EURIBOR + 1.55%
Tranche 9	15,000,000.00	13.2.2022	variable	6-month EURIBOR + 1.55%
Tranche 10	15,000,000.00	13.2.2022	variable	6-month EURIBOR + 1.55%
Tranche 11	5,000,000.00	14.8.2023	fixed	1.917%
Tranche 12	10,000,000.00	14.8.2023	variable	6-month EURIBOR + 1.9%
Tranche 13	5,000,000.00	14.8.2023	variable	6-month EURIBOR + 1.6%
Tranche 14	10,000,000.00	14.8.2023	variable	6-month EURIBOR + 1.6%
Tranche 15	17,000,000.00	14.8.2023	variable	6-month EURIBOR + 1.6%
Tranche 16	3,000,000.00	14.8.2023	variable	6-month EURIBOR + 1.6%
Tranche 17	5,000,000.00	14.8.2023	variable	6-month EURIBOR + 1.6%
Tranche 18	5,000,000.00	13.2.2024	variable	6-month EURIBOR + 1.9%
Tranche 19	5,000,000.00	13.2.2024	variable	6-month EURIBOR + 1.9%
Carrying amount as of 31 Dec 2018	176,585,389.40			

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	2018	2017
Deposits from banks		
at variable interest rates	76,749	95,834
at fixed interest rates	46,026	21,307
Lease obligations		
at variable interest rates	113,160	85,120
Derivative financial instruments	2,002	1,822
Other financial liabilities		
at fixed interest rates	45	751
Total	237,982	204,834

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 -0.32% and the 6-month EURIBOR rate at an average -0.27%. The margins for newly acquired funds with a maximum 3-month term averaged 1.22 PP in 2018.

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 0.2% and 6.4%. 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	31.12.2018	Remaining term			of which secured by collateral
		< 1 year	1-5 years	> 5 years	
Deposits from banks	122,775	20,040	80,605	22,130	244
Lease obligations	113,160	27,798	62,696	22,666	113,160
Derivative financial instruments	2,002	2,002	-	-	-
Other financial liabilities	45	-	45	-	-
Total	237,982	49,840	143,346	44,796	113,404

in TEUR	31.12.2017	Remaining term			of which secured by collateral
		< 1 year	1-5 years	> 5 years	
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

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 135,756 (previous year: TEUR 106,576) which are the property of the lessor under civil law.

in TEUR	31.12.2018	31.12.2017
With a remaining term up to one year	29,503	35,366
With a remaining term of more than one year and less than five years	66,388	45,107
With a remaining term of more than five years	25,100	8,809
Total	120,991	89,282
Future financing costs	-7,831	-4,162
Present value of minimum lease payments	113,160	85,120

37. Trade payables

in TEUR	31.12.2018	Remaining term			of which secured by collateral
		< 1 year	1-5 years	> 5 years	
Trade payables	1,112,123	1,066,580	29,121	16,422	-
Payables to consortiums	42,228	41,728	500	-	-
Total	1,154,351	1,108,308	29,621	16,422	-

in TEUR	31.12.2017	Remaining term			of which secured by collateral
		< 1 year	1-5 years	> 5 years	
Trade payables	972,992	931,085	29,157	12,750	-
Payables to consortiums	59,048	59,048	-	-	-
Total	1,032,040	990,133	29,157	12,750	-

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	31.12.2018	Remaining term			of which secured by collateral
		< 1 year	1-5 years	> 5 years	
Payables to non-consolidated subsidiaries	206	206	-	-	-
Payables to companies accounted for under the equity method	7,981	7,943	38	-	-
Payables to other shareholdings	2,164	2,164	-	-	-
Other	33,985	30,944	2,421	620	-
Total	44,336	41,257	2,459	620	-

in TEUR	31.12.2017	Remaining term			of which secured by collateral
		< 1 year	1-5 years	> 5 years	
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	-	-	-
Other	20,762	16,334	1,627	2,801	-
Total	25,805	21,372	1,632	2,801	-

39. Other liabilities

in TEUR	31.12.2018	Remaining term			of which secured by collateral
		< 1 year	1-5 years	> 5 years	
Tax liabilities	85,101	85,101	-	-	-
Social security liabilities	19,630	19,630	-	-	-
Contract liabilities	211,367	211,367	-	-	-
Payables to staff	130,666	130,666	-	-	-
Other	2,334	2,334	-	-	-
Total	449,098	449,098	-	-	-

in TEUR	31.12.2017	Remaining term			of which secured by collateral
		< 1 year	1-5 years	> 5 years	
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	-	-	-
Other	1,498	1,498	-	-	-
Total	367,572	367,572	-	-	-

40. Contingent liabilities and guarantees

in TEUR	2018	2017
Guarantees, guarantee bonds and other contingent liabilities	6,217	5,610
of which for companies accounted for under the equity method	(233)	(184)

The guarantees primarily relate to securing bank loans of non-consolidated subsidiaries, companies accounted for under the equity method and other companies in which the Group holds a stake, as well as other liabilities from the operational business whose drawdown is theoretically possible, but considered improbable.

Other financial liabilities

The operational construction business requires various types of guarantees in order to safeguard contractual obligations. This generally relates to guarantees for tenders, contract fulfilment, advance payment and warranty. Apart from this, the Group is jointly and severally liable for all consortiums in which it participates. Claims arising from these liabilities are not likely.

The Group has access to European credit lines totalling TEUR 3,031,674 (previous year: TEUR 2,683,520). Of these credit lines, TEUR 1,095,000 (previous year: TEUR 976,080) was concluded with a three-year term. The remainder of TEUR 1,936,674 (previous year: TEUR 1,707,441) generally run for a one-year term. Furthermore, there were credit lines in several Arabic countries of TEUR 60,318 (previous year: TEUR 599,534). As of 31 December 2018, around 58% (previous year: 60%) of the European credit lines had been drawn on and around 52% (previous year: 11%) of the lines in Arabic countries.

The three-year credit lines of TEUR 1,095,00 (previous year: TEUR 976,080) 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 2018. On the basis of the planned development, it is assumed that they will be met again on the next effective date, 31 December 2019.

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 as well as some individual projects in building construction in Germany. 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, UAE, Slovakia, Romania, Great Britain and other future target countries. It also includes the competencies in tunnelling and railway construction for the whole Group.

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 2018

in TEUR	BU 1 – Austria, Switzerland, Czech Republic	BU 2 – Germany	BU 3 – International	BU 4 – Environmental Engineering, Healthcare & Services	Holding	Group
Production output (Group)	2,741,412	926,657	1,617,041	243,432	64,372	5,592,914
Segment revenue (revenue, own work capitalised and other operating income)	2,528,948	880,318	1,513,781	200,540	24,631	5,148,218
Intersegment revenue	82,854	12,805	20,588	20,206	146,316	
EBT (Earnings before tax = segment earnings)	55,583	1,857	22,553	7,132	1,006	88,131
Share of profit/loss of companies accounted for under the equity method	37,457	8,504	34,748	4,698	1,144	86,551
Depreciation, amortisation and impairment	-71,053	-18,828	-9,562	-15,059	-12,641	-127,143
of which impairment	(-1,623)	(-)	(-)	(-795)	(-309)	(-2,727)
Interest income	907	8,052	439	1,869	3,446	14,713
Interest expense	-6,452	-2,204	-1,211	-764	-12,028	-22,659

Segment report 2017

in TEUR	BU 1 - Austria, Switzerland, Czech Republic	BU 2 - Germany	BU 3 - International	BU 4 - Environmental Engineering, 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 accounted 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

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

in TEUR	Production output by customer base 2018	Non-current assets by company base 2018	Production output by customer base 2017	Non-current assets by company base 2017
Domestic	2,331,616	539,809	2,198,338	535,294
Germany	1,503,468	193,979	1,152,076	179,345
Poland	646,767	58,283	426,147	45,524
Czech Republic	203,963	47,668	151,503	25,075
Qatar	302,635	496	423,412	629
Italy	15,295	220	6,038	274
Romania	99,930	6,397	78,368	4,642
Bulgaria	1,037	988	10,416	1,087
Switzerland	225,466	7,847	187,876	7,483
Serbia	8,153	17,657	8,665	15,537
Great Britain	20,905	-	22,153	-
Slovakia	91,258	3,033	26,843	2,980
Norway	84,879	3,005	58,828	3,236
Croatia	3,186	1,522	2,127	1,767
United Arab Emirates	48,948	-	-	-
Other foreign	5,408	37	-14,626	62
Total foreign	3,261,298	341,132	2,539,826	287,641
Segment total	5,592,914	880,941	4,738,164	822,935

42. Notes on the cash flow statement

The cash flow statement is broken down into separate cash flows from operating, investing and financing activities, whereby the cash flow from operating activities is derived according to the indirect method. The financial fund exclusively comprises cash on hand/at banks and corresponds to the value shown in the statement of financial position for cash and cash equivalents.

The reconciliation of the changes in cash flow from financing activities is as follows:

in TEUR	Financial liabilities	Leases	Derivatives	Bonds and Schuldschein-darlehen	Total debts from financing activities
Balance as of 1 Jan 2018	117,892	85,120	1,822	301,302	506,136
Cash flows (cash changes)	-3,717	-36,531	-366	-69,946	-110,560
Cash flows (non-cash changes)					
Corporate acquisitions	8,646	4,361	-	-	13,007
Additions	-	60,271	-	-	60,271
Exchange differences	-1	-61	-	-	-62
Accrued interest	-	-	-	520	520
Fair value changes	-	-	546	-	546
Balance as of 31 Dec 2018	122,820	113,160	2,002	231,876	469,858

in TEUR	Financial liabilities	Leases	Derivatives	Bonds and Schuldschein-darlehen	Total debts from financing activities
Balance as of 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
Fair value changes	-	-	-34	-	-34
Balance as of 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 21,196. It was thereby possible to broadly maintain the equity ratio at 19.9% despite the growth of 8.0% in total assets. Both non-current and current liabilities subject to interest were reduced, by TEUR 17,007 and TEUR 19,271 respectively.

As of 31 December 2018 net debt, defined as the balance of cash and cash equivalents, bonds and current and non-current financial liabilities, totalled TEUR 150,184 (previous year: TEUR 147,429) and was thereby at a similar level to the previous year.

The net gearing ratio, defined as net debt divided by equity, is applied for the control of capital risk management. In 2018 net gearing stood at 0.24 (previous year: 0.25).

43.2. Categories of financial instruments

43.2.1. Carrying amounts, measurement rates and fair values

in TEUR	Measurement category	Carrying amount as of 31.12.2018	Measured at amortised cost	Fair value other comprehensive income	Fair value affecting net income	Fair value hierarchy	Fair value as of 31.12.2018
Assets							
Loans	AC	26,665	26,665				
Loans	FVTPL	22,224			22,224	Level 3	22,224
Other financial assets	FVTOCI	29,692		29,692		Level 3	29,692
Other financial assets	FVTPL	1,088			1,088	Level 3	1,088
Other financial assets	FVTPL	10,796			10,796	Level 1	10,796
Trade receivables	AC	853,476	853,476				
Other financial assets	AC	119,600	119,600				
Other financial assets	FVTPL	102			102	Level 1	102
Derivatives (without hedges)	FVTPL	2,424			2,424	Level 2	2,424
Cash and cash equivalents		319,674	319,674				
Liabilities							
Bonds							
at fixed interest rates	AC	55,291	55,291			Level 1	56,614
Schuldscheindarlehen							
at fixed interest rates	AC	53,876	53,876			Level 3	54,454
at variable interest rates	AC	122,709	122,709				
Deposits from banks							
at fixed interest rates	AC	46,026	46,026			Level 3	49,428
at variable interest rates	AC	76,749	76,749				
Lease obligations ²		113,160	113,160				
Other financial liabilities							
at fixed interest rates	AC	45	45			Level 3	44
Trade payables	AC	1,154,351	1,154,351				
Other financial liabilities	AC	44,336	44,336				
Derivatives (without hedges)	FVTPL	246			246	Level 2	246
Derivatives (with hedges)		1,756		1,756		Level 2	1,756
by category							
Financial assets at amortised cost	AC	999,741	999,741				
Cash and cash equivalents		319,674	319,674				
Fair value through profit & loss	FVTPL	36,388			36,388		
Fair value through OCI	FVTOCI	29,692		29,692			
Financial liabilities at amortised cost	AC	1,553,383	1,553,383				

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. Loans and borrowings as well as Schuldscheindarlehen are valued under the discounted cash flow valuation method, whereby the zero coupon yield curve published by REUTERS as of 31 December 2018 was used for the discounting of the cash flow.

Miscellaneous financial assets are measured at fair value directly in equity and relate to the granting of hybrid capital to UBM Development AG (TEUR 25,179), an equity interest in UBM Development Deutschland GmbH (TEUR 1,653), as well as other insignificant interests in GmbH companies (TEUR 2,860). The option to recognise them directly in equity under other operating income was exercised to prevent distortion of operating income. Dividends of TEUR 1,800 were recognised in the period under review, as were reclassifications totalling TEUR 1,323 in retained earnings due to the repayment of the mezzanine capital of UBM Development AG.

in TEUR	Measurement category	Carrying amount as of 31.12.2017	Measured at amortised cost	Fair value other comprehensive income	Fair value affecting net income	Fair value hierarchy	Fair value as of 31.12.2017
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 as amortised cost	FLAC	1,477,039	1,477,039				

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 acquisitions 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 hybrid capital of TEUR 25,330 for UBM Development AG, the following input factors (pricing criteria) were applied:

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

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

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

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

This resulted in the following valuation as of 31 December 2018:

	Mid swap	Credit spread	Hybrid spread	Hybrid coupon in %
Balance as of 31 Dec 2018	19.6	271.57	368	6.6
Balance as of 31 Dec 2017	31.3	203.13	151	3.854

	Mezzanine capital	Hybrid capital
Total as of 1 Jan 2018	51,323	25,873
Disposals	-51,323	-
Surcharges/discounts	-	-694
Total as of 31 Dec 2018	-	25,179

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

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 2018
		from interest/income	at fair value	Allowances	from disposal	
Financial assets at amortised cost	AC	9,892	-	-	-	9,892
Fair value through profit & loss	FVTPL	1,266	771	-561	104	1,580
Fair value through OCI	FVTOCI	4,072	-	-	87	4,159
Financial liabilities at amortised cost	AC	-17,878	-	-	-	-17,878

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
Derivative (without hedge)	FAHfT/FLHfT	-	4,105	-	-	4,105
Financial liabilities measured at amortised cost	FLAC	-17,076	-	-	-	-17,076

43.3. Objectives 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 2018 the Group had a liquidity level of TEUR 319,674; this liquidity is used on the one hand for the seasonal peak liquidity demand from April to November (typical to the construction industry), as well as for settling loans due, Schuldscheindarlehen instalments and bonds, and for corporate acquisitions. Should additional liquidity demand arise, this could provisionally be covered by drawing on existing lines of credit.

As of 31 December 2018 net debt, 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 150,184 (previous year: TEUR 147,429).

Current financial liabilities, defined as the current portion of bonds and de facto current financial liabilities, amount to TEUR 106,130 (previous year: TEUR 125,401) and are covered by cash and cash equivalents and assets held for sale of TEUR 319,699 (previous year: TEUR 364,271).

Bonds and Schuldscheindarlehen worth TEUR 175,586 (previous year: TEUR 233,639) were part of non-current financial liabilities of TEUR 363,728 (previous year: TEUR 380,735).

As of 31 December 2018 there was TEUR 396,500 (previous year: TEUR 233,000) available in bank lines for cash loans, which could be drawn on for the immediate refinancing of current financial liabilities. With regard to the syndicated guaranteed credit line which was granted and used, see note 40.

As of 31 December 2018 there was TEUR 783,963 (previous year: TEUR 569,123) in disposable liquidity, defined as the sum of funds available in bank accounts and confirmed, unused money market facilities.

Table of liquidity and interest rate risks

in TEUR	Average interest rate	Non-discounted payment flow			
		until March 2019	April to Dec 2019	2020–2013	from 2024
Bonds					
at fixed interest rates	3.88%	-	57,533	-	-
Schuldscheindarlehen					
at fixed interest rates	1.72%	-	1,928	54,778	-
at variable interest rates	1.58%	992	977	119,024	10,097
Deposits from banks					
at fixed interest rates	2.36%	1,344	3,989	23,112	26,722
at variable interest rates	1.09%	6,882	9,377	61,287	586
Lease obligations	2.03%	14,184	15,319	66,388	25,100
Other financial liabilities					
at fixed interest rates	0.75%	-	-	46	-
Trade payables	interest-free	1,042,601	23,979	45,543	-

in TEUR	Average interest rate	Non-discounted payment flow			
		until March 2018	April to Dec 2019	2019–20222	from 2023
Bonds					
at fixed interest rates		-	55,305	58,442	-
Schuldscheindarlehen					
at fixed interest rates		-	22,298	51,610	5,096
at variable interest rates		932	924	110,271	20,481
Deposits from banks					
at fixed interest rates		88	285	17,896	4,072
at variable interest rates		21,184	935	65,708	9,400
Lease obligations		13,957	21,408	45,107	8,809
Other financial liabilities					
at fixed interest rates		-	707	47	-
Trade payables	interest-free	908,118	22,966	41,907	-

Payables to consortiums and other financial liabilities largely lead to cash outflows at the carrying amounts upon maturity.

43.5. Interest rate risk management

The Group's interest rate risk is defined as the risk from rising interest cost or falling interest income in connection with financial items. For PORR this risk results primarily from the scenario of rises in interest rates, especially in the short term. Any future hedge transactions that are required will be concluded by the Group treasury. At the end of the reporting period, the management of this risk was conducted with non-derivative instruments as well as three interest rate swaps totalling TEUR 123,000 and three interest rate swaps with start dates in the future totalling TEUR 155,000. All derivative hedges are designated as cash-flow hedges. The basic purpose of the interest rate swaps is to refinance Schuldscheindarlehen at the variable EURIBOR rate. The hedging ratio of the swaps is 100%. All interest rate swaps relate to swapping variable interest flows for fixed interest flows. As of 31 December 2018 the market value of the interest rate swaps had a fair value of TEUR -1,756 (previous year: TEUR 1,210).

As of 31 December 2018 the Group used the following derivative financial instruments to hedge interest rate risks:

Derivative	Start	Maturity	Reference value in TEUR	Fixed interest rate in %	Reference interest rate	Market value 31.12.2018	Market value 31.12.2017
Interest rate swap	12.8.2015	12.8.2020	57,000	0.63	6-month EURIBOR	-565	-755
Interest rate swap	12.8.2015	13.8.2018	68,000	0.3675	6-month EURIBOR	-	-154
Interest rate swap	13.8.2018	12.8.2019	30,000	0.225	6-month EURIBOR	-42	-52
Interest rate swap	13.8.2018	13.8.2020	36,000	0.384	6-month EURIBOR	-219	-167
Interest rate swap	12.8.2019	12.8.2021	28,000	0.29	6-month EURIBOR	-95	-
Interest rate swap	12.8.2020	14.8.2023	10,000	0.815	6-month EURIBOR	-93	26
Interest rate swap	12.8.2020	12.8.2021	27,000	0.58	6-month EURIBOR	-102	12
Interest rate swap	13.8.2020	14.2.2022	40,000	0.84	6-month EURIBOR	-344	-83
Interest rate swap	12.8.2021	14.8.2023	40,000	0.9	6-month EURIBOR	-193	-
Interest rate swap	14.2.2022	13.2.2024	10,000	1.342	6-month EURIBOR	-105	-36

An analysis of the floating interest rate position as of 31 December 2018 amounting to around TEUR 200,966 showed the following sensitivities that would occur under the scenarios of an interest rate increase of 0.01 PP. The extent of the interest rate increase is based on the average volatility of the 3-month and 6-month EURIBOR in 2018. 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	higher interest expense for the year 2019	higher interest expense (p. a.) with straight-line extrapolation from 2020
at interest rate rise of 0.01 PP	6	20

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 2018, the following currency positions existed for the entire Group:

Reporting currency	Currency pair	VAR ¹ in TEUR
QAR	EURQAR	886
EUR	USDEUR	570
PLN	EURPLN	559
RON	EURRON	267
EUR	NOKEUR	160
NOK	EURNOK	132
RSD	EURRSD	98
various	various	333

¹ VAR = Value At Risk at a one-sided 95% confidence interval, this corresponds to a standard deviation of 1.96 over a time period of ten days.

The currency positions shown are only netted in the course of the respective reporting currency of the companies; correlations between individual currency pairs are not considered. At a confidence interval of 95% over a time period of ten days, the VAR amounts to TEUR 3,005.

VAR at Group level, when the items are netted over the reporting currencies and under inclusion of correlations between currency pairs, amounts to TEUR 1,538.

Reporting currency	Currency pair	VAR ¹ in TEUR
EUR	QAREUR	665
EUR	USDEUR	513
EUR	PLNEUR	176
EUR	AEDEUR	122
EUR	RONEUR	45
EUR	various	17

¹ VAR = Value At Risk at a one-sided 95% confidence interval, this corresponds to a standard deviation of 1.96 over a time period of ten days.

43.7. Hedging currency risks

The PORR Group had concluded forward exchange contracts of TEUR 148,787 (previous year: TEUR 185,445) as of 31 December 2018; of these, TEUR 75,283 were forward purchases and TEUR 73,504 were forward sales. Around TEUR 72,860 (previous year: TEUR 83,774) are used as hedges for project cash flows and the remainder of TEUR 75,927 (previous year: TEUR 101,671) for hedging intragroup financing.

As of 31 December 2018 the market valuation of open forward exchange contracts resulted in a fair value of TEUR 2,178. In the business year 2018 total expense of TEUR 1,453 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 2018, i.e. when payments from the underlying transactions are expected:

		Cash flows in TEUR					
Forward sales	Due date	CHF	PLN	NOK	DKK	USD	Total
	January 2019	22,972	12,531			5,370	40,873
	February 2019		7,117			1,856	8,973
	March 2019		5,208			4,902	10,110
	April 2019		2,702				2,702
	May 2019		200			1,657	1,857
	June 2019		1,013		89		1,102
	November 2019					4,981	4,981
	December 2019			1,211			1,211
	January 2020					1,695	1,695

		Cash flows in TEUR					
Forward purchases	Due date	CHF	NOK	RON	QAR	PLN	Total
	January 2019	35,021	2,785			3,185	40,991
	February 2019	1,559	1,528			120	3,207
	March 2019	1,414	1,394			120	2,928
	April 2019	806	1,045			120	1,971
	May 2019	786	756			120	1,662
	June 19	891	513	3,190		120	4,714
	July 19	431	518			120	1,069
	August 19	615	183			120	918
	September 2019	215	289			120	624
	October 2019		536			120	656
	November 2019		146			120	266
	December 2019		5,866		9,999	120	15,985
	January 2020		292				292

43.8. Derivative financial instruments

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

in TEUR	2018	2017
Assets		
Derivatives		
without hedges	2,424	4,243
Liabilities		
Derivatives		
without hedges	246	612
with hedges	1,756	1,210

43.9. Credit risks

The risk related to receivables from customers can be classified as marginal, owing to the broad dispersion and ongoing creditworthiness 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 mostly to infrastructure projects for public clients or public companies. Except for these, there are no occurrences of concentration of operating risks arising from significant outstanding amounts from individual debtors.

As of 31 December 2018 the maximum credit risk amounted to TEUR 1,385,388 (previous year: TEUR 1,900,888) and relates mainly to loans, other financial investments and securities, other financial assets, trade receivables and cash and cash equivalents.

44. Average staffing levels

	2018	2017
Salaried employees		
Domestic	3,513	3,239
Foreign	5,025	4,568
Waged Workers		
Domestic	6,365	5,940
Foreign	4,111	3,972
Total staff	19,014	17,719
of which fully consolidated		
Salaried employees	8,329	7,695
Waged Workers	10,237	9,677
Total fully consolidated	18,566	17,372

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	
	2018	2017	2018	2017	2018	2017	2018	2017
Associates	42,130	20,382	24,345	30,061	11,117	13,441	3,493	2,014
Joint ventures	78,059	47,815	67,996	36,990	25,995	19,365	4,488	1,932
Consortiums	194,673	231,675	54,634	55,688	64,188	81,929	14,539	13,387

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	
	2018	2017	2018	2017	2018	2017	2018	2017
from trade payables and receivables								
UBM Group	100,458	96,549	5,441	6,918	5,434	6,504	2,061	830
IGO-Ortner Group	4,658	7,645	50,915	24,654	953	2,015	6,345	6,751
Strauss Group	4,119	4,684	541	584	101	139	1	12
Kapsch Group	1,265	693	3,212	1,573	86	263	341	18
Other	2	3	2,632	442	-	1,762	68	30
from financing								
UBM Group	2,339	6,092	-	-	39,652	96,360	60	102

The sale of 50% in H + E Haustechnik und Elektro GmbH was a related party transaction.

Outstanding accounts receivable are not secured and are settled in cash. With the exception of guarantees taken on for companies accounted for under the equity method which totalled TEUR 233 (previous year: TEUR 184), 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

Schuldscheindarlehen with a total volume of EUR 203m were placed with a value date of 15 February 2019, whereby the net liquidity influx amounted to EUR 183m after EUR 20m from old tranches was integrated into the new transaction and thereby prematurely extended. They were divided into four-, five- and seven-year tranches, each subject to fixed and variable interest rates. The issue also included a green tranche totalling EUR 31.5m, issued in line with the "Eligible Green Principles". A second party opinion to confirm adherence to these principles was provided by the independent ratings agency Sustainalytics. This deal involves refinancing environmentally sound, sustainable investments in PORR office buildings as well as investments in PORR's activities in the field of environmental engineering.

The Executive Board of PORR AG approved the consolidated financial statements and handed them over to the Supervisory Board on 18 April 2019.

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	
	2018	2017
Auditing the financial statements	270	265
Other audit services	389	358
Other advisory services	18	44

48. Executive bodies

Members of the Executive Board

Karl-Heinz Strauss, CEO

Andreas Sauer (from 1 February 2018)

Thomas Stiegler (from 6 December 2018)

J. Johannes Wenkenbach

Members of the Supervisory Board

Karl Pistotnik, Chairman
Klaus Ortner, Deputy Chairman
Michael Diederich (until 29 May 2018)
Robert Grüneis
Walter Knirsch
Iris Ortner
Bernhard Vanas
Susanne Weiss
Thomas Winischhofer

Members delegated by the Works Council

Peter Grandits (until 29 May 2018)
Michael Kaincz
Michael Tomitz
Gottfried Hatzenbichler
Wolfgang Ringhofer

The table below shows the remuneration paid to the managers in key positions, i.e. the members of the Executive Board and of the Supervisory Board of PORR AG broken down according to payment categories:

	Salary	Variable bonus	Pension fund	2018
Executive Board remuneration				
Karl-Heinz Strauss	750	616	39	1,405
J. Johannes Wenkenbach	500	515	40	1,055
Andreas Sauer	458	404	37	899
Thomas Stiegler	35	-	3	38
Total	1,743	1,535	119	3,397
of which current benefits due	1,743	1,535	-	3,278
of which remuneration due after termination of employment	-	-	119	119
Supervisory Board remuneration				
Current benefits due				197
	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
Supervisory Board remuneration				
Current benefits due				198

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

18 April 2019, Vienna

The Executive Board

Karl-Heinz Strauss, m.p.
Andreas Sauer m.p.
Thomas Stiegler m.p.
J. Johannes Wenkenbach m.p.

Shareholdings

Company name	Country code	Currency	Domicile	PORR AG share %	PORR Group share %	Type of consolidation	PORR AG share previous year %	PORR Group share previous year %	Type of consolidation previous year
Subsidiaries									
"EAVG Enzersdorfer Abfallverwertungsgesellschaft m.b.H."	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
A. Niedermühlbichler Baugesellschaft m.b.H.	AT	EUR	Seeboden	0.00000	100.00000	V	0.00000	100.00000	V
ABW Abbruch, Boden- und Wasserreinigungs-Gesellschaft m.b.H.	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
Allgemeine Straßenbau GmbH	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
ALPINE AT GmbH	AT	EUR	Brunn am Gebirge	0.00000	100.00000	V			
Altlastensanierung und Abraumdeponie Langes Feld Gesellschaft m.b.H.	AT	EUR	Wien	0.00000	86.38750	V	0.00000	86.38750	V
AMF - Asphaltmischanlage Feistritz GmbH	AT	EUR	Unterpremstätten, politische Gemeinde Premstätten	0.00000	100.00000	U	0.00000	100.00000	U
AMF - Asphaltmischanlage Feistritz GmbH & Co KG	AT	EUR	Unterpremstätten, politische Gemeinde Premstätten	0.00000	100.00000	V	0.00000	100.00000	V
AMO Asphaltmischwerk Oberland GmbH	AT	EUR	Linz	0.00000	90.00000	U	0.00000	90.00000	U
AMO Asphaltmischwerk Oberland GmbH & Co KG	AT	EUR	Linz	0.00000	90.00000	V	0.00000	90.00000	V
ASCI Logistik GmbH	AT	EUR	Premstätten	0.00000	100.00000	V			
Asphalt-Unternehmung Carl Günther Gesellschaft m.b.H.	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
Asphaltmischwerk Greinsfurth GmbH	AT	EUR	Amstetten	0.00000	66.66750	U	0.00000	66.66750	U
Asphaltmischwerk Greinsfurth GmbH & Co OG	AT	EUR	Amstetten	0.00000	66.66750	V	0.00000	66.66750	V
Bautech Labor GmbH	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
Bosch Baugesellschaft m.b.H.	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
bpp Bautechnik GmbH	AT	EUR	Pichl bei Wels	0.00000	100.00000	V	0.00000	100.00000	V
CamBER22 GmbH	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
CIS Beton GmbH	AT	EUR	Premstätten	0.00000	100.00000	V			
Edos Beteiligungsverwaltungs GmbH	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
Eisenschutzgesellschaft m.b.H.	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
EPS Absberggasse 47 Projektmanagement GmbH	AT	EUR	Wien	100.00000	100.00000	V	100.00000	100.00000	V
EPS LAA 43 GmbH	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
FEHBERGER Stahlbau GmbH	AT	EUR	Völkermarkt	0.00000	100.00000	V	0.00000	100.00000	V
Fritz & Co. Baugesellschaft m.b.H.	AT	EUR	Salzburg	0.00000	100.00000	V	0.00000	100.00000	V
G. Hinteregger & Söhne Baugesellschaft m.b.H.	AT	EUR	Salzburg	0.00000	100.00000	V	0.00000	100.00000	V
Gesellschaft für Bauwesen GmbH	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
GETINA Versicherungsvermittlung GmbH	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
GHS Logistik GmbH	AT	EUR	Salzburg	0.00000	100.00000	V	0.00000	100.00000	V
Goidinger Bau GmbH	AT	EUR	Zams	0.00000	100.00000	V	0.00000	100.00000	V
Grund- Pfahl- und Sonderbau GmbH	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
Hinteregger Holding Gesellschaft m.b.H.	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
IAT GmbH	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
Ing. Otto Richter & Co Straßenmarkierungen GmbH	AT	EUR	Wienersdorf, politische Gemeinde Traiskirchen	0.00000	100.00000	V	0.00000	100.00000	V
Ing. RADL-BAU GmbH	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
ISHAP Personaldokumentations GmbH	AT	EUR	Wien	0.00000	80.00000	V	0.00000	80.00000	V
ISHAP Software Solutions GmbH	AT	EUR	Wien	0.00000	80.00000	V			
Johann Koller Deponiebetriebsges.m.b.H.	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
KOLLER TRANSPORTE - KIES - ERDBAU GMBH	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
Kraft & Wärme Rohr- und Anlagentechnik GmbH	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
Kratochwill Schotter & Beton GmbH	AT	EUR	Unterpremstätten, politische Gemeinde Premstätten	0.00000	100.00000	V	0.00000	100.00000	V

Company name	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
LD Recycling GmbH	AT	EUR	Unterpremstätten, politische Gemeinde Premstätten	0.00000	100.00000	V	0.00000	100.00000	V
Lieferasphaltgesellschaft JAUNTAL GmbH	AT	EUR	Klagenfurt	0.00000	71.99671	V	0.00000	71.99671	V
M.E.G. Mikrobiologische Erddekontamination GmbH	AT	EUR	Linz	0.00000	100.00000	V	0.00000	100.00000	V
Nägele Hoch- und Tiefbau GmbH	AT	EUR	Röthis	0.00000	100.00000	V	0.00000	100.00000	V
O.M. Meissl & Co. Bau GmbH	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
ÖBA - Österreichische Betondecken Ausbau GmbH	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
Panitzky Gesellschaft m.b.H.	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
Perschler Gesellschaft m.b.H. in Liqu.	AT	EUR	Niklasdorf				0.00000	100.00000	V
PKM - Muldenzentrale GmbH	AT	EUR	Wien	0.00000	97.97021	V	0.00000	96.45152	V
PORR AUSTRIARAIL GmbH	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
PORR Bau GmbH	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
PORR Bauindustrie GmbH	AT	EUR	Wien	100.00000	100.00000	V	100.00000	100.00000	V
PORR Beteiligungen und Management GmbH	AT	EUR	Wien	100.00000	100.00000	V	100.00000	100.00000	V
PORR Construction Holding GmbH	AT	EUR	Wien	100.00000	100.00000	V	100.00000	100.00000	V
PORR Design & Engineering GmbH	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
PORR Equipment Services GmbH	AT	EUR	Wien	100.00000	100.00000	V	100.00000	100.00000	V
PORR Financial Services GmbH	AT	EUR	Wien	100.00000	100.00000	V	100.00000	100.00000	V
PORR Hinteregger-Holding GmbH	AT	EUR	Wien				0.00000	100.00000	V
PORR Infra GmbH	AT	EUR	Wals-Siezenheim	0.00000	100.00000	V			
PORR Recycling GmbH	AT	EUR	Wien	0.00000	100.00000	V			
PORR Umwelttechnik GmbH	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
PORREAL GmbH	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
PORR Risk Solutions GmbH	AT	EUR	Wien	100.00000	100.00000	V	100.00000	100.00000	V
Prajó & Co GmbH	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
PRONAT Steinbruch Preg GmbH	AT	EUR	Unterpremstätten, politische Gemeinde Premstätten	0.00000	100.00000	V	0.00000	100.00000	V
PWW Holding GmbH	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
RCH Recycling Center Himberg GmbH	AT	EUR	Himberg	0.00000	100.00000	V	0.00000	100.00000	V
Sabelo Beteiligungsverwaltungs GmbH	AT	EUR	Wien	100.00000	100.00000	U	100.00000	100.00000	U
Sabimo Monte Laa Bauplatz 2 GmbH	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
Salzburger Lieferasphalt GmbH & Co OG	AT	EUR	Sulzau, politische Gemeinde Werfen	0.00000	80.00000	V	0.00000	80.00000	V
SAM03 Beteiligungs GmbH	AT	EUR	Wien	0.00000	100.00000	V			
Schatzl & Jungmayr Garten- und Landschaftsbau GmbH	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
Schotter- und Betonwerk Karl Schwarzl Betriebsgesellschaft m.b.H.	AT	EUR	Unterpremstätten, politische Gemeinde Premstätten	100.00000	100.00000	V	100.00000	100.00000	V
Schotterwerk GRADENBERG Gesellschaft m.b.H.	AT	EUR	Köflach	0.00000	100.00000	V	0.00000	100.00000	V
Schwarzl Transport GmbH	AT	EUR	Unterpremstätten, politische Gemeinde Premstätten	0.00000	100.00000	V	0.00000	100.00000	V
STRAUSS Property Management GmbH	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
Tancsos und Binder Gesellschaft m.b.H.	AT	EUR	Wolfsberg	0.00000	100.00000	V	0.00000	100.00000	V
TEERAG-ASDAG Bau GmbH	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
TEERAG-ASDAG GmbH	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
TEERAG-ASDAG Hochbau Burgenland GmbH	AT	EUR	Stegersbach	0.00000	100.00000	V	0.00000	100.00000	V
Wibeba Hochbau GmbH & Co. Nfg. KG	AT	EUR	Wien	100.00000	100.00000	V	100.00000	100.00000	V
Wiener Betriebs- und Baugesellschaft m.b.H.	AT	EUR	Wien	0.00000	100.00000	V	0.00000	100.00000	V
BB Government Services société privée à responsabilité limitée	BE	EUR	Uccle	0.00000	100.00000	V			
PORR Bulgaria EOOD	BG	BGN	Sofia	0.00000	100.00000	V	0.00000	100.00000	V
Gunimperm-Bauveg SA	CH	CHF	Bellinzona	0.00000	100.00000	V	0.00000	100.00000	V
PORR SUISSE AG	CH	CHF	Altdorf	0.00000	100.00000	V	0.00000	100.00000	V
ALPINE Bau CZ a.s.	CZ	CZK	Valasské Mezirici	0.00000	100.00000	V			
OBATECH s.r.o.	CZ	CZK	Prag	0.00000	100.00000	V	0.00000	100.00000	V
PORR a.s.	CZ	CZK	Prag	0.00000	100.00000	V	0.00000	100.00000	V

Company name	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 Equipment Services Cesko s.r.o	CZ	CZK	Prag	0.00000	100.00000	V	0.00000	100.00000	V
PORREAL Cesko, s.r.o.	CZ	CZK	Prag	0.00000	100.00000	V	0.00000	100.00000	V
baikap Holding 180812 GmbH	DE	EUR	München	0.00000	100.00000	V	0.00000	100.00000	V
BB Government Services GmbH	DE	EUR	Kaiserslautern	0.00000	100.00000	V	0.00000	100.00000	V
CMG Gesellschaft für Baulogistik GmbH	DE	EUR	Münster	0.00000	100.00000	V	0.00000	100.00000	V
Emil Mayr Hoch- und Tiefbau GmbH	DE	EUR	Ettringen/Wertach	0.00000	100.00000	V	0.00000	100.00000	V
Franki Grundbau GmbH & Co. KG	DE	EUR	Seevetal	0.00000	100.00000	V	0.00000	100.00000	V
Franki Grundbau Verwaltungs GmbH	DE	EUR	Seevetal	0.00000	100.00000	V	0.00000	100.00000	V
Hinteregger, Brandstetter & Co. Baugesellschaft m.b.H.	DE	EUR	Traunstein	0.00000	100.00000	V	0.00000	100.00000	V
HUT Umwelttechnik GmbH	DE	EUR	Seevetal				0.00000	100.00000	V
IAT Deutschland GmbH	DE	EUR	München	0.00000	100.00000	V	0.00000	100.00000	V
ISG Ingenieurservice Grundbau GmbH	DE	EUR	Seevetal	0.00000	100.00000	V	0.00000	100.00000	V
ÖBA Betondecken Ausbau Deutschland GmbH	DE	EUR	München	0.00000	100.00000	V	0.00000	100.00000	V
Oevermann Hochbau GmbH	DE	EUR	Münster	0.00000	100.00000	V	0.00000	100.00000	V
Oevermann Ingenieurbau GmbH	DE	EUR	Münster	0.00000	100.00000	V	0.00000	100.00000	V
Oevermann Verkehrswegebau GmbH	DE	EUR	Münster	0.00000	100.00000	V	0.00000	100.00000	V
Porr Design & Engineering Deutschland GmbH	DE	EUR	Berlin	0.00000	100.00000	V	0.00000	100.00000	V
Porr Deutschland GmbH	DE	EUR	München	0.00000	94.66235	V	0.00000	94.29860	V
Porr Equipment Services Deutschland GmbH	DE	EUR	München	0.00000	100.00000	V	0.00000	100.00000	V
Porr Franki GmbH & Co. KG	DE	EUR	Seevetal	0.00000	100.00000	V	0.00000	100.00000	V
Porr Industriebau GmbH	DE	EUR	Passau	0.00000	100.00000	V	0.00000	100.00000	V
PORR Management GmbH	DE	EUR	München	100.00000	100.00000	V			
PORR MURNAU GmbH & Co. KG	DE	EUR	München	0.00000	100.00000	V	0.00000	100.00000	V
PORR Oevermann GmbH	DE	EUR	Münster	0.00000	100.00000	V	0.00000	100.00000	V
Porr Umwelttechnik Deutschland GmbH	DE	EUR	Garching bei München	0.00000	100.00000	V	0.00000	100.00000	V
PORR Vermögensverwaltung MURNAU GmbH	DE	EUR	München	0.00000	100.00000	U	0.00000	100.00000	U
PORREAL Deutschland GmbH in Liqu.	DE	EUR	Berlin				0.00000	100.00000	V
Radmer Kies GmbH & Co. KG	DE	EUR	Aschheim, Landkreis München	0.00000	100.00000	V	0.00000	100.00000	V
Radmer Kiesvertrieb Verwaltungs GmbH	DE	EUR	Aschheim, Landkreis München	0.00000	100.00000	U	0.00000	100.00000	U
STRAUSS & CO. Development GmbH	DE	EUR	Berlin	0.00000	94.00000	V	0.00000	94.00000	V
Stump Spezialtiefbau GmbH	DE	EUR	Berlin	0.00000	100.00000	V	0.00000	100.00000	V
Thorn Abwassertechnik GmbH	DE	EUR	München	0.00000	100.00000	V	0.00000	100.00000	V
TKDZ GmbH	DE	EUR	Wellen	0.00000	100.00000	V	0.00000	100.00000	V
Unterstützungskasse Franki Grundbau GmbH	DE	EUR	Seevetal	0.00000	100.00000	V	0.00000	100.00000	V
VIT Verbau- und Injektionstechnik GmbH	DE	EUR	Seevetal				0.00000	100.00000	V
Wellener Immobiliengesellschaft mbH	DE	EUR	Wellen	0.00000	100.00000	V	0.00000	100.00000	V
IAT UK Waterproofing Systems limited	GB	GBP	London	0.00000	100.00000	V	0.00000	100.00000	V
PORR SLOVAKIA LTD.	GB	GBP	London	0.00000	100.00000	V	0.00000	100.00000	V
PORR UK Ltd.	GB	GBP	London	0.00000	100.00000	V	0.00000	100.00000	V
BAUVEG-WINKLER društvo s ogranicenom odgovornoscju za projektiranje, izgradnju i nadzor	HR	HRK	Zagreb	0.00000	100.00000	U	0.00000	100.00000	U
GRUNDBAU d.o.o.	HR	HRK	Zagreb	0.00000	100.00000	V	0.00000	100.00000	V
Schwarzl društvo s ogranicenom odgovornoscju za obradu betona i sijunka	HR	HRK	Glina	0.00000	100.00000	V	0.00000	100.00000	V
PORR Építési Kft.	HU	HUF	Budapest	0.00000	100.00000	V	0.00000	100.00000	V
BB GOVERNMENT SERVICES SRL	IT	EUR	Vicenza	0.00000	100.00000	V	0.00000	100.00000	V
IAT Impermeabilizzazioni Srl	IT	EUR	Bozen	0.00000	100.00000	V	0.00000	100.00000	V
PORR GRADEZNISTVO DOOEL Skopje	MK	MKD	Skopje	0.00000	100.00000	V	0.00000	100.00000	V
Loftesnesbrui PORR-AURSTAD ANS	NO	NOK	Oslo	0.00000	64.95000	V	0.00000	64.95000	V
PNC Norge AS	NO	NOK	Oslo	0.00000	100.00000	V	0.00000	100.00000	V
Porr Construction LLC under liquidation	OM	OMR	Muscat	0.00000	100.00000	V	0.00000	100.00000	V
BBGS Spolka z ograniczona odpowiedzialnoscia	PL	PLN	Warschau	0.00000	100.00000	V			

Company name	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 Venture Tunel Swinoujscie s.c.	PL	PLN	Warschau	0.00000	40.00000	V			
"Stal-Service" Spółka z ograniczona odpowiedzialnoscia	PL	PLN	Warschau	0.00000	80.00000	V	0.00000	80.00000	V
PORR Spółka Akcyjna	PL	PLN	Warschau	0.00000	100.00000	V	0.00000	100.00000	V
PORREAL Polska Spółka z ograniczona odpowiedzialnoscia	PL	PLN	Warschau	0.00000	100.00000	V	0.00000	100.00000	V
Stump-Hydrobudowa Spółka z ograniczona odpowiedzialnoscia	PL	PLN	Warschau	0.00000	100.00000	V	0.00000	100.00000	V
RADMER BAU PORTUGAL - CONSTRUcoes, LIMITADA	PT	EUR	Lissabon	0.00000	99.00000	U	0.00000	99.00000	U
PORR Qatar Construction W.L.L	QA	QAR	Doha	0.00000	49.00000	V	0.00000	49.00000	V
Porr Construct S.R.L.	RO	RON	Bukarest	0.00000	100.00000	V	0.00000	100.00000	V
SC Schwarzl Beton SRL	RO	RON	Bukarest				0.00000	100.00000	U
"PORR - WERNER & WEBER - PROKUPLJE" doo, Prokuplje	RS	RSD	Prokuplje	0.00000	80.00000	V	0.00000	80.00000	V
DRUSTVO SA OGRANICENOM ODGOVORNOSCU "PORR-WERNER & WEBER-LESKOVAC", Leskovac	RS	RSD	Leskovac	0.00000	70.00000	V	0.00000	70.00000	V
Drustvo sa ogranicenom odgovornoscu PORR WERNER&WEBER-JAGODINA, Jagodina	RS	RSD	Jagodina	0.00000	80.00000	V	0.00000	80.00000	V
Gradevinsko preduzece Porr d.o.o. - u likvidaciji	RS	RSD	Belgrad	0.00000	100.00000	V	0.00000	100.00000	V
PWW d.o.o. Nis	RS	RSD	Nis	0.00000	100.00000	V	0.00000	100.00000	V
PWW Deponija d.o.o. Jagodina	RS	RSD	Jagodina	0.00000	100.00000	V	0.00000	100.00000	V
PWW Deponija Dva d.o.o. Leskovac	RS	RSD	Leskovac	0.00000	100.00000	V	0.00000	100.00000	V
TRACK EXPERTS D.O.O. BEOGRAD, MILUTINA MILANKOVICA 11A - u likvidaciji	RS	RSD	Belgrad	0.00000	74.00000	V	0.00000	74.00000	V
PNC Sverige AB	SE	SEK	Stockholm	0.00000	100.00000	V	0.00000	100.00000	V
ALPINE SLOVAKIA, spol. s.r.o.	SK	EUR	Bratislava	0.00000	100.00000	V			
PORR s.r.o.	SK	EUR	Bratislava	0.00000	100.00000	V	0.00000	100.00000	V
Tovarystvo z obmezhenoyu vidpovidalnistyu "Porr Ukraina"	UA	UAH	Kiew				0.00000	100.00000	V
Associated companies									
			Oeynhausene, politische Gemeinde						
ABO Asphalt-Bau Oeynhausene GmbH.	AT	EUR	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	U	0.00000	20.00000	U
AMB Asphalt-Mischanlagen Betriebsgesellschaft m.b.H.	AT	EUR	Zistersdorf-Maustrenk, politische Gemeinde Zistersdorf	0.00000	20.00000	U	0.00000	20.00000	U
AMG - Asphaltmischwerk Gunkskirchen Gesellschaft m.b.H.	AT	EUR	Linz	0.00000	33.33333	U	0.00000	33.33333	U
ASA - Projektentwicklung - GmbH	AT	EUR	Wien	0.00000	49.99963	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	Wien	0.00000	45.00000	U	0.00000	45.00000	U
CCG Immobilien GmbH	AT	EUR	Wien	0.00000	50.00000	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 in Liqu.	AT	EUR	Bad Mitterndorf				0.00000	24.00000	U
Hotel Bad Mitterndorf Errichtungs- und Verwertungs GmbH & Co KG	AT	EUR	Bad Mitterndorf				0.00000	24.00000	E
ISHAP Gebäudedokumentations GmbH	AT	EUR	Wien	0.00000	37.50000	E	0.00000	37.50000	E
KAB Straßensanierung GmbH & Co KG	AT	EUR	Spittal an der Drau	0.00000	19.98800	U	0.00000	19.98800	U
Lavanttaler Bauschutt - Recycling GmbH	AT	EUR	Wolfsberg	0.00000	49.99999	E	0.00000	49.99999	E
MSO Mischanlagen GmbH Ilz & Co KG	AT	EUR	Ilz	0.00000	47.19200	E	0.00000	47.19200	E
MSO Mischanlagen GmbH Pinkafeld & Co KG	AT	EUR	Pinkafeld	0.00000	47.33333	E	0.00000	47.33333	E
PM2 Bauräger GesmbH	AT	EUR	Klagenfurt	0.00000	24.75000	U	0.00000	24.75000	U

Company name	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
RFM Asphaltmischwerk GmbH & Co KG	AT	EUR	Wienersdorf-Oeynhausen, politische Gemeinde Traiskirchen	0.00000	46.00000	E	0.00000	46.00000	E
RFM Asphaltmischwerk GmbH.	AT	EUR	Wienersdorf-Oeynhausen, politische Gemeinde Traiskirchen	0.00000	46.00000	U	0.00000	46.00000	U
Sava Most Gradevinsko Preduzece OG	AT	EUR	Wien	0.00000	27.93000	U	0.00000	27.93000	U
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	Janossomorja	0.00000	34.88000	E	0.00000	34.88000	E
BPV-Metro 4 Építési Közkereseti Társaság	HU	HUF	Budapest	49.95000	49.95000	U	49.95000	49.95000	U
BPV-METRO 4 NeKe Építési Közkereseti Társaság	HU	HUF	Budapest	49.95000	49.95000	U	49.95000	49.95000	U
FRANKI POLSKA Spółka z ograniczona odpowiedzialnoscia	PL	PLN	Krakau	0.00000	70.00000	E	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
Joint Ventures									
"hospitals" Projektentwicklungsges.m.b.H.	AT	EUR	Wien	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	U	0.00000	50.00000	U
AMW Asphalt-Mischwerk GmbH & Co KG	AT	EUR	Sulz	0.00000	50.00000	E	0.00000	50.00000	E
AMW Leopoldau GmbH & Co OG	AT	EUR	Wien	0.00000	33.34000	E	0.00000	33.34000	E
ARIWA Abwasserreinigung im Waldviertel GmbH	AT	EUR	Wien	0.00000	75.00000	E	0.00000	75.00000	E
ASB Nörsach GmbH	AT	EUR	Linz	0.00000	50.00000	E	0.00000	50.00000	E
ASF Frästechnik GmbH	AT	EUR	Kematen	0.00000	40.00000	U	0.00000	40.00000	U
Asphaltmischwerk Betriebsgesellschaft m.b.H.	AT	EUR	Rauchenwarth	0.00000	40.00000	U	0.00000	40.00000	U
Asphaltmischwerk Roppen GmbH	AT	EUR	Roppen	0.00000	30.00000	U	0.00000	30.00000	U
Asphaltmischwerk Roppen GmbH & Co KG	AT	EUR	Roppen	0.00000	30.00000	E	0.00000	30.00000	E
Asphaltmischwerk Weißbach GmbH & Co. Nfg.KG	AT	EUR	Weißbach bei Lofer	0.00000	45.00000	E	0.00000	45.00000	E
ASTRA - BAU Gesellschaft m.b.H. Nfg. OG	AT	EUR	Bergheim	0.00000	50.00000	E	0.00000	50.00000	E
AUL Abfallumladelogistik Austria GmbH	AT	EUR	Wien	0.00000	50.00000	E			
Betonexpress FH Vertriebs-GMBH	AT	EUR	Bad Gleichenberg				0.00000	20.00000	U
Errichtungsgesellschaft Marchfeldkogel mbH in Liqu.	AT	EUR	Groß-Enzersdorf				0.00000	60.93000	E
FMA Asphaltwerk GmbH	AT	EUR	Feldbach	0.00000	35.00000	U	0.00000	35.00000	U
Gaspix Beteiligungsverwaltungs GmbH	AT	EUR	Zirl	31.57894	31.57894	U	31.57894	31.57894	U
Grazer Transportbeton GmbH	AT	EUR	Gratkorn	0.00000	50.00000	E	0.00000	50.00000	E
HD Baustoff Verwertung GmbH	AT	EUR	Berndorf	0.00000	50.00000	E	0.00000	50.00000	E
hospitals Projektentwicklungsges.m.b.H.	AT	EUR	Graz	0.00000	74.00000	E	0.00000	74.00000	E
INTERGEO Umweltmanagement GmbH	AT	EUR	Salzburg	0.00000	50.00000	E	0.00000	50.00000	E
IP Real Estate Amraser Straße GmbH	AT	EUR	Innsbruck	0.00000	50.00000	E	0.00000	50.00000	E
KDS 98 Errichtungs GmbH	AT	EUR	Klagenfurt am Wörthersee				0.00000	33.30000	E
Lieferasphalt Gesellschaft m.b.H.	AT	EUR	Wien	0.00000	50.00000	U	0.00000	50.00000	U
Lieferasphalt Gesellschaft m.b.H. & Co OG, Viecht	AT	EUR	Viecht, politische Gemeinde Desselbrunn	0.00000	33.50000	E	0.00000	33.50000	E
Lieferasphalt Gesellschaft m.b.H. & Co. OG	AT	EUR	Maria Gail, politische Gemeinde Villach	0.00000	40.00000	E	0.00000	40.00000	E
Lieferasphalt Gesellschaft m.b.H. & Co. OG, Zirl	AT	EUR	Wien	0.00000	50.00000	E	0.00000	50.00000	E
Linzer Schlackenaufbereitungs- und vertriebsgesellschaft m.b.H.	AT	EUR	Linz	0.00000	33.33333	E	0.00000	33.33333	E

Company name	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
LISAG Linzer Splitt- und Asphaltwerk GmbH.	AT	EUR	Linzer	0.00000	50.00000	U	0.00000	50.00000	U
LISAG Linzer Splitt- und Asphaltwerk GmbH. & Co KG	AT	EUR	Linzer	0.00000	50.00000	E	0.00000	50.00000	E
MSO Mischanlagen GmbH	AT	EUR	Ilz	0.00000	66.66667	U	0.00000	66.66667	U
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	Wien	0.00000	50.00000	E	0.00000	50.00000	E
TAM Traisental Asphaltmischwerk Ges.m.b.H.	AT	EUR	Nußdorf ob der Traisen	0.00000	33.33333	U	0.00000	33.33333	U
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
TB Transportbeton GmbH	AT	EUR	Linzer	0.00000	33.33333	E			
TBT Transportbeton Tillmitsch GmbH	AT	EUR	Tillmitsch	0.00000	50.00000	U	0.00000	50.00000	U
TBT Transportbeton Tillmitsch GmbH & Co KG	AT	EUR	Tillmitsch	0.00000	50.00000	E	0.00000	50.00000	E
Vereinigte Asphaltmischwerke Gesellschaft m.b.H.	AT	EUR	Spittal an der Drau	0.00000	50.00000	U	0.00000	50.00000	U
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	U	0.00000	50.00000	U
Weyerhof Steinbruch GmbH & Co KG	AT	EUR	Murau	0.00000	50.00000	E	0.00000	50.00000	E
WPS Rohstoff GmbH	AT	EUR	Klagenfurt am Wörthersee	0.00000	49.00000	E	0.00000	49.00000	E
Obalovna Havlickuv Brod s.r.o.	CZ	CZK	Hradec Králové	0.00000	50.00000	E			
OBALOVNA PRÍBRAM, s.r.o.	CZ	CZK	Prag	0.00000	37.50000	E	0.00000	75.00000	V
Obalovna Stredokluky s.r.o.	CZ	CZK	Prag	0.00000	50.00000	E	0.00000	50.00000	E
Obalovna Tábor s.r.o.	CZ	CZK	Ceské Budejovice	0.00000	50.00000	E	0.00000	50.00000	E
Obalovna Tyniste s.r.o.	CZ	CZK	Ceské Budejovice	0.00000	33.33333	E	0.00000	33.33333	E
SILASFALT s.r.o.	CZ	CZK	Ostrava - Kuncice	0.00000	50.00000	E			
Spolecne obalovny, s.r.o.	CZ	CZK	Prag	0.00000	50.00000	E	0.00000	50.00000	E
Alexander Parkside Verwaltungs GmbH	DE	EUR	Berlin	0.00000	50.00000	U	0.00000	50.00000	U
AMW Asphaltmischwerke Westfalen GmbH	DE	EUR	Münster	0.00000	50.00000	E	0.00000	50.00000	E
AVALERIA Beteiligungsgesellschaft mbH	DE	EUR	Düsseldorf	0.00000	60.00000	U			
AVALERIA Hotel HafenCity GmbH & Co. KG	DE	EUR	Düsseldorf	0.00000	56.88000	E			
Beteiligungsgesellschaft Nordharz Asphalt-Mischwerke mbH	DE	EUR	Wegeleben	0.00000	50.00000	U	0.00000	50.00000	U
Frankenstraße 18-20 GmbH & Co. KG in Liqu.	DE	EUR	Hamburg				0.00000	50.00000	E
H + E Haustechnik und Elektro GmbH	DE	EUR	Deggendorf	0.00000	50.00000	E	0.00000	100.00000	V
Nordharz Asphalt-Mischwerke GmbH & Co. KG	DE	EUR	Wegeleben	0.00000	50.00000	E	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	U	0.00000	50.00000	U
Radmer Bau Kieswerke GmbH & Co. Sand und Kies KG	DE	EUR	Schkeuditz	0.00000	50.00000	E	0.00000	50.00000	E
M6 Dunaujváros-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	U	0.00000	33.33330	U
JV BB CLC S.c.a.r.l.	IT	EUR	Vicenza	0.00000	50.00000	E			
JV MACC NAVY	IT	EUR	Vicenza	0.00000	95.00000	E			
JOINT VENTURE FARRIS BRU ANS	NO	NOK	Larvik	0.00000	65.00000	E	0.00000	65.00000	E
JOINT VENTURE HARPE BRU ANS	NO	NOK	Larvik	0.00000	65.00000	E	0.00000	65.00000	E
"Modzelewski & Rodek" Spółka z ograniczona odpowiedzialnoscia	PL	PLN	Warschau	0.00000	50.00000	E	0.00000	50.00000	E
Berlin Office Spółka z ograniczona odpowiedzialnoscia	PL	PLN	Warschau	0.00000	26.00000	E	0.00000	26.00000	E
Poleczki Amsterdam Office Spółka z ograniczona odpowiedzialnoscia	PL	PLN	Warschau	0.00000	26.00000	E	0.00000	26.00000	E
Poleczki Vienna Office Spółka z ograniczona odpowiedzialnoscia	PL	PLN	Warschau	0.00000	26.00000	E	0.00000	26.00000	E

Company name	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
Warsaw Office Spółka z ograniczona odpowiedzialnoscia	PL	PLN	Warschau	0.00000	26.00000	E	0.00000	26.00000	E
AUCC Precast Factory LLC	QA	QAR	Doha	0.00000	40.00000	E	0.00000	40.00000	E
EQCC PORR W.L.L.	QA	QAR	Doha	0.00000	49.00000	E	0.00000	49.00000	E
Hamad Bin Khalid Contracting - PORR Qatar Construction JV W.L.L.	QA	QAR	Doha	0.00000	45.00000	E	0.00000	45.00000	E
SEVER-JUG AUTOPUT DRUSTVO SA OGRANICENOM ODGOVORNOSCU ZA IZGRADNJU, KORISCENJE I ODRZAVANJE AUTOPUTA u likvidaciji	RS	RSD	Belgrad	0.00000	50.00000	U	0.00000	50.00000	U
Asfalt Belusa s.r.o.	SK	EUR	Bratislava - mestská cast' Ruzinov	0.00000	50.00000	E			
D4R7 Construction s.r.o.	SK	EUR	Bratislava	0.00000	35.00000	E	0.00000	35.00000	E
Slovenské Asfalty s.r.o.	SK	EUR	Bratislava - mestská cast' Ruzinov	0.00000	50.00000	E			
Other equity interests									
Grimming Therme GmbH	AT	EUR	Bad Mitterndorf				0.00000	17.00000	U
KAB Straßensanierung GmbH	AT	EUR	Spittal an der Drau	0.00000	19.98800	U	0.00000	19.98800	U
PPP Campus Bednar Park Errichtungs- und Betriebs GmbH	AT	EUR	Wien	0.00000	1.00000	U	0.00000	1.00000	U
Pumpspeicherkraftwerk Koralm GmbH	AT	EUR	Garanas, politische Gemeinde Schwanberg	0.00000	1.00000	U	0.00000	1.00000	U
Schaberreiter GmbH	AT	EUR	Kindberg	0.00000	6.80000	U	0.00000	6.80000	U
Senuin Beteiligungsverwaltungs GmbH	AT	EUR	Wien	0.00000	1.00000	U	0.00000	1.00000	U
WMW Weinviertler Mischwerk Gesellschaft m.b.H.	AT	EUR	Zistersdorf	0.00000	16.66667	U	0.00000	16.66667	U
WMW Weinviertler Mischwerk Gesellschaft m.b.H. & Co KG	AT	EUR	Zistersdorf	0.00000	16.66667	U	0.00000	16.66667	U
Vystavba hotelu PRAHA - ZVONARKA, spol. s.r.o. v likvidaci	CZ	CZK	Prag	0.00000	11.11111	U	0.00000	11.11111	U
Arena Boulevard GmbH & Co. KG	DE	EUR	Berlin	0.00000	6.00000	U	0.00000	6.00000	U
BTM BAUSTOFF-TECHNIK + MISCHWERKE Gesellschaft mit beschränkter Haftung	DE	EUR	Bielefeld	0.00000	15.00000	U	0.00000	15.00000	U
Forum am Bahnhof Quickborn GmbH & Co. KG	DE	EUR	Hamburg	0.00000	6.00000	U	0.00000	6.00000	U
German Hotel Verwaltungs GmbH	DE	EUR	Grünwald	0.00000	3.00000	U	0.00000	3.00000	U
Hotel Invest Hansa FT2 GmbH & Co. KG	DE	EUR	Hamburg	0.00000	3.00000	U	0.00000	3.00000	U
SONUS City GmbH & Co. KG	DE	EUR	Berlin	0.00000	6.00000	U	0.00000	6.00000	U
UBM Development Deutschland GmbH	DE	EUR	München	0.00000	6.00000	U	0.00000	6.00000	U
Zero Bypass (Holdings) Limited	GB	GBP	London	0.00000	10.00000	U	10.00000	10.00000	U
AQUASYSTEMS gospodarjenje z vodami d.o.o.	SI	EUR	Maribor	0.00000	10.00033	U	0.00000	10.00033	U

Key:
 F = Fully consolidated companies
 E = Companies consolidated under the equity method
 M = Companies of minor significance

Auditor's Report

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Audit Opinion

We have audited the consolidated financial statements of PORR AG, Vienna, and of its subsidiaries (the Group) comprising the consolidated balance sheet as of December 31, 2018, the consolidated income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of December 31, 2018 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 revenues from construction contracts
2. Accounting for consortiums

1. Accounting for revenues from construction contracts

Situation and reference to further information

A large part of revenue and profits of the PORR group result from revenues from construction contracts, which are accounted in accordance with IFRS 15 Revenue from contracts with customers. In 2018 this accounted for approximately 95% of revenue.

In general, revenue is realised over the period of the service rendered under application of the output method. Revenue and proportional profits are recorded on the basis of the stage of completion. If it is probable that total contract costs exceed the corresponding contract revenues an onerous contract provision is recorded for the expected total loss. Warranty obligations exist in relation to completed construction projects handed over to the client. For certain construction contracts PORR and its customers and/or suppliers have different views regarding contractual claims

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and/or obligations of the PORR group. These differences are solved in negotiations with the contract partners, as well as in legal and extrajudicial (arbitration) proceedings. Claims are recognised when there is a contractual entitlement to the amount of consideration and they can be reliably assessed. Provisions for buildings are recognised for warranty claims, impending and claimed penalties and damages.

The assessment of contracts with customers until completion depends to a large extent on assumptions and expectations about future developments and completion of the projects and the outcome of negotiations and procedures with contract parties and is therefore, to a large extent, dependent on estimates. This is particularly the case with regard to the accounting for claims, the amount of the estimated total contract costs and corresponding profits as well as the amount of the contract revenues which have to be recognised in accordance with the PoC-method and the estimated expenses and obligations for penalties, damages and warranties.

The risk for the consolidated statements consists of the uncertainty of the accounting for contracts with customers and the related items in the consolidated statement of financial position and the consolidated income statement due to necessary assumptions and estimates and the misrepresentation of these items.

Reference to further information:

Information on accounting and measurement methods for the first-time application of IFRS 15 Revenue from contracts with customers can be found in chapter 3 (New accounting standards) 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 contract assets, related contract profits and the prepayments received, which have been measured in accordance with the POC method. Construction contracts which form a liability are shown as contract liabilities in disclosure note: Other liabilities (39.). Chapter 34 (Provisions) provides details on the composition and development of provisions for buildings.

Audit response

In the course of our audit, we have gained an understanding of the processes relevant to the accounting of revenues from construction contracts and tested the effectiveness of selected internal controls. These controls mainly addressed the technical, legal and commercial review and approval of new contracts as well as the calculation and recognition process of contract revenue and contract cost. We also tested internal controls which relate to the internal monitoring and assessment of ongoing projects and calculations up to the completion after the end of the warranty period.

On the basis of the results of these control tests, we have drawn a sample of contracts with customers from construction contracts for a more in-depth analysis. With focus on high estimation uncertainties and error risks, we have selected our sample considering various relevant parameters, e.g. margin and profit development, contract value, carrying amount, asserted and capitalized claims, disputed claims and internal reporting of risk management.

The audit procedures performed on the selected sample consisted primarily of:

- Analytical procedures, comparing the actual results to the estimates/forecasts made in the past.
- Reconciliation of the key assumptions and estimates with contracts, budgets and comparable construction contracts.
- Critical analysis and discussions of key project assumptions with the responsible commercial and operational project managers.
- Critical assessment of internal and external technical, legal and commercial opinions.
- Review of the correspondence and minutes concerning discussions and negotiations with contract partners.
- Obtaining and critically assessing opinions on legal and extrajudicial (arbitration) proceedings.
- Testing of the financial entries and computational accuracy of the contract costs, results and carrying amounts related to the selected construction contracts.

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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 revenues from construction contracts. In 2018 services provided to consortiums amounted to approx. MEUR 195, approximately 70 % of the 'Share of profit/loss of companies accounted for under the equity method' account for proportional profits from consortiums.

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 IFRS 15 Revenue from contracts with customers.

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 contracts with customers 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 contracts with customers (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.

Reference to further information:

Information on the accounting and measurement methods of the consortiums can be found in chapter 3 (New accounting standards) and 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.

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 contracts with customers 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 similar to the criteria for revenues from construction contracts 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.

We draw attention to the fact that the English translation of this long-form audit report according to Section 273 UGB (Austrian Company Code) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

For the selected sample, similar audit procedures were carried out to those for the testing of revenues from 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.

Responsibilities of Management and of the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and with requirements stated in par. 245a UGB, for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- 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.

We draw attention to the fact that the English translation of this long-form audit report according to Section 273 UGB (Austrian Company Code) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

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 May 29, 2018. We were appointed by the Supervisory Board on June 12, 2018. We are auditors without cease since 2002.

We confirm that the audit opinion in the section "Report on the consolidated financial statements" is consistent with the additional report to the audit committee referred to in article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

We provided no services, in addition to the statutory audit, to the audited company and its controlled undertakings, which have not been disclosed in the Group's management report or in the consolidated financial statements.

Responsible Austrian Certified Public Accountant

The engagement partner on the audit resulting in this independent auditor's report is Mr. Mag. Klemens Eiter, Certified Public Accountant.

Vienna, April 18, 2019

BDO Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Klemens Eiter
Certified Public Accountant

ppa. Mag. Gerhard Fremgen
Certified Public Accountant

Publication or sharing with third parties of the financial statements together with our auditor's opinion is only allowed if the financial statements and the management report are identical with the German audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

We draw attention to the fact that the English translation of this long-form audit report according to Section 273 UGB (Austrian Company Code) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

Responsibility Statement

We confirm that, 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, 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 2019, Vienna



Ing. Karl-Heinz Strauss, MBA, FRICS
Chairman of the Executive Board and CEO



Dipl.-Kfm. Andreas Sauer
Executive Board member and CFO



Dipl.-Ing. J. Johannes Wenkenbach
Executive Board member and COO



Dipl.-Bw. (FH) Thomas Stiegler
Executive Board member and COO

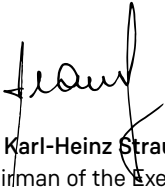
Appropriation of Earnings

The consolidated financial statements as of 31 December 2018 report net retained profits of EUR 32,039,425.02 for the business year 2018.

The Executive Board of PORR AG thereby proposes the following appropriation of retained profits reported in the consolidated financial statements as of 31 December 2018:

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

April 2019, Vienna



Ing. Karl-Heinz Strauss, MBA, FRICS
Chairman of the Executive Board and CEO



Dipl.-Kfm. Andreas Sauer
Executive Board member and CFO



Dipl.-Ing. J. Johannes Wenkenbach
Executive Board member and COO



Dipl.-Bw. (FH) Thomas Stiegler
Executive Board member and COO

Glossary

The Construction Industry

Building construction is the field of construction engineering that is concerned with the planning and building of structures that are located above the earth's surface. However, buildings constructed in this way also include structures that are below ground, provided that they are accessible to people or that they are intended to accommodate people, animals or items of property such as, for example, civil defence installations.

Building production (building production value) is the production value of construction sites emanating purely from construction activity (own work, raw materials and third party services chargeable to clients).

Business Unit (BU) denotes a PORR operating segment.

Civil engineering is the field of construction engineering that is concerned with the planning and building of structures that are located on or below the earth's surface. This includes bridge building, road construction and tunnelling.

Design/build contractor provides all the services of a general contractor as well as the design/planning of the construction project.

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

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

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

PORR Group refers to PORR AG and its subsidiaries.

Project development involves the design 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.

Austrian Sustainability and Diversity Improvement Act contains the guidelines for corporate social responsibility.

CAPEX (Capital Expenditure) refers to investments in intangible assets, property, plant and equipment and properties under construction including finance leases.

Cash flow is a financial measure that shows the unaltered surplus payments received within a given period of time and which thereby serves as an indicator of the company's solvency.

Cash flow from operating activities is the cash flow that results from the company's principal activities that have an effect on revenue, and from other activities that are not classed as investing or financing activities.

CESEE is used to denote countries in Central Eastern Europe and South Eastern Europe.

Corporate Bond is a bond that is issued by a given company.

DAX (German Share Index) is the key index of the Frankfurt Stock Exchange.

Dividend yield is the dividend in relation to the share price.

Dow Jones Industrial Average (US American stock market index) is the leading index of the New York stock exchange.

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

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

EBITDA margin is the EBITDA in relation to sales revenue.

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

Equity method is a method for valuing interests held in companies and is applied to companies over which significant influence can be exerted, but which, fundamentally, do not have to be included within the group of companies that must be fully consolidated.

Equity ratio is the share of equity in the total capital employed.

EURO STOXX 50 (European stock market index) is the leading index for the eurozone.

IAS (International Accounting Standards) are international accounting standards.

IFRS (International Financial Reporting Standards) are international accounting standards.

Market capitalisation is the total market value of a company, resulting from the share price times the number of shares issued.

Net debt is defined as the balance of cash and cash equivalents, bonds and current and non-current financial liabilities.

Order backlog is the total of all orders or contracts which have not been executed by the reporting date cited.

P/E ratio (price/earnings ratio) is the share price in relation to earnings.

Production output covers all classic design and construction services, waste management, raw materials sales and facility management. In contrast to revenue, production output includes the output from consortiums and companies accounted for under the equity method, as well as those of minor significance, in line with the interest held by the Group.

Risk management is the systematic identification, measurement and controlling of risks. These risks can be general business risks or specific financial risks.

Swap is a derivative in which two counterparties agree to exchange one stream of cash flow for another stream. The agreement defines how the payments will be calculated and when they will be paid.

Acknowledgements

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PORR AG
1100 Vienna, Absberggasse 47
T +43 50 626-0
office@porr-group.com
porr-group.com

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Further information

PORR AG
Investor Relations and Strategy
1100 Vienna, Absberggasse 47
ir@porr-group.com

The consolidated financial statements for 2018, 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 2018 may be downloaded from the website, www.porrgroup.com/reporting.

The contents of this report together with the individual financial statements constitute the annual financial report.

Financial Calendar

19.5.2019	Record date for attending the 139th Annual General Meeting
28.5.2019	Publication report on the 1st quarter 2019
29.5.2019	139th Annual General Meeting , EURO PLAZA, Am Euro Platz 2, Building G, 1120 Vienna
4.6.2019	Ex-dividend trading on the Vienna Stock Exchange
5.6.2019	Dividend record date
6.6.2019	Dividend payout day for the 2018 business year
29.8.2019	Publication half-year report 2019
28.10.2019	Interest payment and redemption PORR Corporate Bond 2014/1 (senior bond)
28.10.2019	Interest payment PORR Corporate Bond 2014/2 (hybrid bond)
28.11.2019	Publication report on the 3rd quarter 2019

Contact

Investor Relations and Strategy
ir@porr-group.com

Corporate Communications
comms@porr-group.com

Disclaimer

This Annual Report contains statements relating to the future, which are based on estimates and assumptions made, to the best of their current knowledge, by managerial staff. Future-related statements may be identified as such by expressions such as “anticipated”, “target” or similar constructions. Forecasts concerning the future development of the company take the form of estimates based on information available at the time of going to press. Actual results may differ from the forecasts where the assumptions on which these are based should prove incorrect or risks should develop in unforeseeable ways.

Every care has been taken in the compilation of this Annual Report to ensure the accuracy and completeness of information in all sections. However, roundoff, typesetting and printing errors cannot be completely ruled out. The figures have been rounded off.

This report is a translation into English of the 2018 Annual Report published in the German language and is provided solely for the convenience of English-speaking users. In the event of a discrepancy or translation error, the German-language version prevails.



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PORR AG

Absberggasse 47

1100 Wien

T +43 50 626-0

porr-group.com