

PORR AG: Record order backlog facilitates consolidation

- Record order backlog of EUR 7.6 bn
- EBT of EUR 8.2m above previous year's level
- Full order book facilitates consolidation
- PORR 2025 transformation programme initiated
- Outlook 2019: Moderate rise on previous year's high production output

Vienna, 29.08.2019 - PORR's record order backlog of EUR 7,600m in the first half of 2019 has secured full capacity utilisation for the future. The consolidation path led to a moderate increase in production output of 1.6% to EUR 2,497m. In addition, EBT climbed to EUR 8.2m in the first half of the year. The PORR 2025 transformation programme has been initiated to create the framework for profitable growth and operational excellence.

"The construction sector is currently experiencing a historically unique situation. With a record cushion of orders at PORR as well as uninterrupted demand for our construction services, we nonetheless face a difficult market environment. That said, our markets offer long-term potential", said Karl-Heinz Strauss, CEO of PORR. "With PORR 2025, we have introduced a transformation programme to exploit this opportunity as effectively as possible".

Output, earnings and orders

Following on from the strong growth of recent years, PORR is deliberately focusing on consolidation. In the first half of 2019, production output totalled EUR 2,497m, a moderate rise of 1.6%. Once again BU 1 - Austria, Switzerland and BU 2 - Germany contributed to the growth in output, while the completion of several large-scale projects compared to last year had an impact on BU 3 - International. With full capacity utilisation in every segment, Austria and Germany accounted for the largest share of output yet again with 70%. Significant increases were seen in German civil engineering in particular along with the Czech Republic, Slovakia and Switzerland. 90% of PORR's output is generated in stable, secure home markets with strong growth prospects. Revenue fell by 1.9% in the same period to EUR 2,182m. As a comparison, the growth in production output contained a year-on-year rise in the percentage accounted for by consortiums.

EBT improved by EUR 1.6m or 24.4% to EUR 8.2m. The profit for the period totalled EUR 6.0m, whereby earnings per share held steady at the level of the previous year, EUR 0.13. Seasonal factors mean that the first half year is weaker than the second and is therefore not necessarily indicative of the full-year performance.

As of 30 June 2019, PORR reported a record order backlog. Standing at EUR 7,600m, it grew by 16.4% as compared to the previous year and secured both full capacity utilisation in the Group and a stable foundation for PORR. This facilitates the selective acquisition of projects and subsequently a sustainable improvement in margins. New orders climbed by 14.4% to EUR 2,997m. The record order backlog included projects in Austria such as the residential construction projects Geiselbergstraße in Vienna and Q6 Nord in Graz Reininghaus. In Romania, which has grown into a new home market, PORR acquired the design/build order for the motorway between Sibiu and Pitești. In Poland PORR

Press Release

was charged with construction of the SKYSAWA office project. In Norway the tender was won for the 836m-long Minnevik Bridge.

PORR 2025

Demand in construction is continuing unabated. This stands in contrast to a lack of skilled labour, severe bottlenecks for subcontractor services and the high level of costs for construction materials, logistics, etc. The powerful growth in recent years has caused PORR to conduct a strategic analysis of its activities and subsequently to introduce the PORR 2025 transformation programme. The structural realignment already underway will enable PORR to streamline its business units, optimise the costs of its centralised functions (Shared Service Center) and simplify management structures via a new corporate culture - involving five principles. Additional strategic initiatives aim to hone the focus on the existing home markets and core competencies, improve operational processes and increase cost discipline. These will be complemented by the development of key issues in the field of digitalisation, which holds enormous potential for PORR in addition to strengthening its competitive ability.

Financial position and cash flows

Total assets stood at EUR 3,567.1m as of 30 June 2019, increasing by 14.5% against year-end 2018. The main factors here were the first-time application of IFRS 16 Leases as well as the expansion of business activities in the second half of 2018. This led to a rise in trade receivables to EUR 1,815.6m. Seasonal considerations, exacerbated by the effects of IFRS 16 and higher investment activity, resulted in an increase in net debt to EUR 829.9m (06/18: EUR 613.8m incl. IFRS 16). Seasonal factors led to an equity ratio of 16.2%, reflecting in particular the dividend payout and the adjustment to interest rates from calculating social capital requirements.

Outlook 2019

On the basis of current forecasts for the construction markets in Europe on which PORR focuses, experts expect broadly stable growth, albeit with regional variation. Austria, Germany and Switzerland have a robust construction industry. Demand is likely to continue to climb in the Czech Republic, Slovakia, Romania and Poland in particular. However, in Poland the indicators do not suggest any easing up on issues such as the lack of skilled labour, subcontractor bottlenecks and the price levels of construction materials and wages. The pressure on margins will remain high. PORR is pursuing a lower-risk strategy in Qatar and the UAE. While Norway does offer opportunities in the infrastructure sector, the market environment is extremely tough. General economic uncertainty in Great Britain means that PORR does not see any further potential here.

Strengthened by the high order backlog, PORR's strategy of intelligent growth remains in place unchanged. On the basis of the aforementioned assumptions and a stable performance on the home markets, the Executive Board expects to achieve a moderate increase once again in 2019 on the previous year's high output of EUR 5,593m. The actual business performance may, however, deviate from current forecasts due to external political and economic factors as well as the seasonal nature of the construction industry.

The press release can be downloaded from the [PORR Newsroom](#). The half-year report can be downloaded [here](#).

Press Release

Facts and figures at a glance

Key performance indicators (EUR m) ¹	1-6/2019	% Δ	1-6/2018
Production output ²	2,497	1.6%	2,458
Order backlog	7,600	16.4%	6,530
Order intake	2,997	14.4%	2,621
Revenue	2,181.6	-1.9%	2,223.2
EBITDA	95.4	31.8%	72.4
EBT	8.2	24.4%	6.6
Profit for the period	6.0	7.2%	5.6
Average staffing levels	19,339	4.9%	18,428
Financial position indicators ¹ (EUR m)	30.06.2019	% Δ	31.12.2018
Total assets	3,567	14.5%	3,115
Equity	576	-6.8%	618
Equity ratio	16.2%	-3.7 PP	19.9%
Net debt ³	830	>100.0%	349

¹ 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.

² The production output corresponds to the output of all companies and consortiums (fully consolidated, equity method, proportional or those of minor significance) in line with the interest held by PORR AG.

³ The figures as of 31 December 2018 have been adjusted due to the first-time application of IFRS 16. Details can be found on page 35 of the notes to the interim consolidated financial statements.



Press Release

For enquiries, please contact:

Karl-Heinz Strauss

CEO

PORR AG

T +43 50 626-1001

M +43 664 626-1001

comms@porr-group.com

IR contact:

Milena loveva

Head of Investor Relations and Strategy

PORR AG

T +43 50 626-1763

ir@porr-group.com

Press contact:

Cornelia Harlacher

Head of Media Relations & Digital Communications

PORR AG

M +43 664 626 5698

comms@porr-group.com

Dominik Heiden

Media Relations Specialist

PORR AG

M +43 664 626 5867

comms@porr-group.com