Press release

Preliminary figures 2019: PORR with strong order backlog, guidance confirmed

- **Production output of EUR 5.6 bn again at record level**
- **Momentum from high order backlog of EUR 7.1 bn**
- **Guidance for earnings and dividends confirmed**
- **Stable net debt, strong liquidity**
- **2020 targets:**
  - **Output at previous year's level**
  - **EBT margin 2020: 1.3% - 1.5%**

Vienna, 10.03.2020 – PORR ended its 2019 year of consolidation with a high order backlog that again surpassed the 7-billion-euro mark. Despite a challenging market environment, this reflects the positive market trend that is expected to continue in the medium term. Production output of around EUR 5.6 bn again reached the record level of the previous year. PORR generated 94% of its output on its seven stable European home markets.

"The last business year proved challenging. Today's focus is on consolidating what we have achieved in recent years and strengthening systematically", said Karl-Heinz Strauss, CEO of PORR. "We are fundamentally strong and have a broad foundation. This will allow us to focus on participating in the ongoing boom in the construction sector, whereby our goal remains in place: achieving a sustainable improvement in PORR's earnings power".

Order backlog at record level of over EUR 7 bn

On the basis of the preliminary, unaudited figures for the business year 2019, PORR has managed to match the previous year's record results in production output and order backlog. PORR generated production output of EUR 5,570m, slipping back by a mere -0.4% against the previous year. The operating business is robust and resilient: increases were achieved in particular in Business Unit 1 – Austria, Switzerland (+0.9%) and in Business Unit 2 – Germany (+6.8%). The decrease in Business Unit 3 – International (-5.7%) was primarily caused by the completion of large-scale projects in Qatar and the more selective acquisition policy being applied especially in Poland. This led primarily to a slight decrease at Group level. Austria and Germany grew by a total of 2.5%, thereby once again generating the majority of output and retaining their position as the two most important PORR markets.

At the same time, the order backlog – regardless of the challenging market environment – stood at EUR 7,065m, approaching the high level of the previous year and declining by just -0.5%. Its selective approach to project acquisition is enabling PORR to strengthen its earnings power as well as its market position on the home markets and to sustainably align itself for the future. The order intake decreased by 12.5% to EUR 5,536m, reflecting the Group's strategic policy of more selective acquisitions. While PORR acquired numerous projects in residential construction in Austria in 2019, in Germany it was particularly successful in office and industrial construction. PORR's largest new order in 2019 came in from Poland: the design/build contract involves modernising the LK131 railway line between Kalina and Rusiec Łódzki. With its strong regional roots and profile as a technological trailblazer and full-service contractor, PORR is very well positioned on its markets to ideally exploit opportunities in the future.

Earnings guidance and dividend policy for 2019 confirmed

As announced in November 2019, the Executive Board revised its guidance for the 2019 business year in light of an impairment charge for a project in Norway and the market situation in Poland. On the basis of the business performance and the preliminary, unaudited figures for 2019, the Executive Board assumes earnings before taxes (EBT) for the financial year 2019 to amount to at least EUR 35m.

PORR is committed to providing its shareholders with a sustainable and reliable dividend policy. The Executive Board will thereby propose a dividend of EUR 0.40 per share to the Annual General Meeting. This figure is in line with the PORR dividend policy that stipulates a payout ratio of 30% to 50% of the annual surplus.

Optimising the capital structure

As of 31 December 2019, net debt was stabilised at the level of the previous year – mainly through improvements in net working capital management. When IFRS 16 is applied (around EUR 200m), it is expected to total around EUR 350m. At the same time, PORR reports a significant increase in liquidity as of year-end and is thereby ready to face the future on a robust financial footing.

At the start of the year 2020, PORR AG has already successfully placed a new 5.375% hybrid bond with a volume of EUR 150m. The transaction included a prior repurchase of a part of the hybrid bond issued in 2017. In the course of the bond issue, PORR succeeded in broadening its investor base. This new hybrid bond has allowed it to optimise interest-rate conditions and implement medium-term measures to strengthen the capital structure.

2020 targets

Strong demand is expected to continue on PORR's European home markets in the business year 2020. On the basis of the high order backlog, the Executive Board forecasts production output at the record level of the previous year. Following the one-off effects seen in 2019, a year of consolidation, and in line with the positive performance on all of PORR's home markets, a target has been set for an EBT margin in a range of 1.3% to 1.5%. In the following years, the Executive Board expects an EBT margin in the target range of 2.0% to 3.0%.

The actual business performance in 2020 may, however, deviate from current forecasts due to external political, legal and economic factors as well as the seasonal nature of the construction industry. As things stand today, it is very hard to predict any economic developments or disruptions, such as those that may result from the coronavirus for example.

The 2019 Annual Report of PORR AG will be published on 27 April 2020.

The press release is available for download in the PORR Newsroom.

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