

## PORR Half-Year Report 2020 Solid order backlog, results affected by COVID-19

- **Coronavirus impacts production output and earnings**
- **Order backlog at an all-time high of over EUR 7.6 bn**
- **New direction and acceleration of the PORR 2025 transformation**
- **Uncertainty in 2020 continues; long-term positive trend intact**

Vienna, 26.08.2020 - The ongoing coronavirus pandemic impacted both production output (EUR 2.3 bn) and EBT (EUR -26.6m) and has led to a year-on-year decrease. Around 95% of production output was generated on the seven stable home markets. In the first half of 2020, a record order backlog of EUR 7.6 bn was secured. Here PORR is benefiting from its broad positioning on the home markets and its strong market presence.

“In the second quarter of 2020 we were hit by the effects of the coronavirus crisis - as can be seen in the decline in production output and earnings. The order backlog stands at an all-time high which is extremely positive as it gives us a solid foundation. This allows us to accelerate the ongoing PORR 2025 transformation in order to improve our competitive position”, said Karl-Heinz Strauss, CEO of PORR. “We also see this challenge as an opportunity and will continue our growth course on our home markets.”

### **New baseline with COVID-19**

In the first half of 2020, PORR generated production output of EUR 2,273m, which was around 9.0% below the previous year's level. This output decline was caused by the completion of large-scale projects, knock-on effects from the shutdown of construction sites, travel restrictions and other COVID-19 measures. Responsible for around 70% of the output generated, Austria and Germany remain the two most important PORR markets. Revenue shrank by 5.1% or EUR 110.4m to EUR 2,071.2m, caused by the lower contribution from consortiums and projects realised in joint ventures. EBT decreased - mainly because of the negative effects of the coronavirus pandemic - to EUR -26.6m. The countermeasures such as short-term work and a freeze on investments and spending were unable to offset the costs and impacts resulting from the COVID-19 measures - especially the temporary shutdown of construction sites and restrictions on output.

The order backlog was expanded and reached an all-time high of EUR 7,604m. PORR continues to apply a selective approach to project acquisition on the home markets. In the first half of 2020, the order intake totalled EUR 2,812m and thereby remained at a high level despite the decrease of -6.2%. Exciting projects were again acquired - including the onshore and offshore expansion of the Lech Kaczyński LNG terminal, a technically demanding energy supply project on the Baltic coast in Poland. In the infrastructure construction sector, newly acquired contracts included the tender for the design and build of the Polish motorway sections S16 and S1. As part of Stuttgart 21 and the railway engineering on the Koralm Tunnel, PORR also won two additional major projects using the Slab Track Austria system. With the building construction project The Marks, PORR has secured the largest single residential construction contract in Vienna of the past 15 years, which will see it build one of three residential towers with approximately 490 living units by early 2023.

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## Capital structure

As of 30 June 2020, total assets stood at EUR 3,692m, 0.7% higher than year-end 2019. A hybrid bond was successfully issued as of early February 2020, with a coupon of 5.375% and a volume of EUR 150m at the same time as the buyback of an earlier hybrid bond in the amount of EUR 25.7m. Equity increased by 13.5% to EUR 680m, leading to a rise in the equity ratio of 2.0 PP to 18.4%.

In the course of the COVID-19 pandemic, a range of measures were implemented, amongst them the reduction of investments to the bare minimum required. In addition, improved working capital management led to a significant year-on-year reduction in net debt to EUR 470m (30 June 2019: EUR 830m). As is typical for the industry and the season, net debt rose against year-end by 35.9%. At the same time, liquidity was successfully safeguarded: as of 30 June 2020, cash and cash equivalents stood at EUR 438m.

## PORR 2025 measures

With the transformation programme PORR 2025, launched in autumn 2019, PORR has addressed the structural changes in the construction sector. The coronavirus pandemic has nevertheless shown that the existing structures and processes require an even faster and even more comprehensive adjustment and that the efficiency measures introduced need to be intensified. This means many aspects in the company need to be accelerated and focused on. In parallel, PORR continues to promote growth topics and digital technologies in order to be well positioned for the future.

## 2020 targets

The spread of the COVID-19 pandemic had a far more severe impact on the economy in the second quarter of 2020 than the preceding quarter. In order to overcome the crisis and maintain adequate disposable liquidity, PORR has implemented numerous measures such as short-term work, taking vacation days, targeted stops to expenditure and investments, and the voluntary waiver of part of the management pay. In general, compensation is being negotiated for the majority of construction sites in Austria for the additional costs related to the coronavirus. While on the other markets there are no actual penalties or loss costs, the costs arising from COVID-19 will nevertheless be borne by the company itself in line with force majeure.

The impacts that this unprecedented situation will have on the growth of the national economies affected and thereby on construction activity cannot yet be foreseen. On the basis of the aforementioned assumptions, the Executive Board expects production output for the full year 2020 to be slightly above the EUR 5 bn mark. In light of the ongoing uncertainty with regard to business performance, an evaluation of and adjustment to the earnings targets for the 2020 business year are not feasible at the present time.

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## Facts and figures at a glance

Key performance indicators (EUR m)	1-6/2020	% Δ	1-6/2019
Production output <sup>1</sup>	2,273	-9.0%	2,497
Order backlog	7,604	0.1%	7,600
Order intake	2,812	-6.2%	2,997
Revenue	2,071.2	-5.1%	2,181.6
EBITDA	65.8	-31.0%	95.4
EBT	-26.6	< -100.0%	8.2
Loss (profit) for the period	-22.7	< -100.0%	6.0
Average staffing levels	19,658	1.6%	19,339
Financial position indicators (EUR m)	30.06.2020	% Δ	31.12.2019
Total assets	3,692	0.7%	3,665
Equity	680	13.5%	599
Equity ratio	18.4%	2.0 PP	16.4%
Net debt	470	35.9%	346

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

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.

You can find the press release here in the [PORR Newsroom](#). The Half-Year Report 2020 can be downloaded [here](#).



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