

# Press Release

## PORR has solid start with first quarter 2020

- Year starts with top order backlog of EUR 7.3 bn
- First COVID-19 impacts on production output and earnings
- Focus on transformation and liquidity
- Long-term trend intact - construction industry benefits

Vienna, 27.05.2020 - PORR has had a solid start to 2020. The high order backlog of more than EUR 7 bn also provides a solid foundation. Production output stood at EUR 942m, of which 94% was once again generated on the seven stable home markets. EBT was negative due to seasonal factors and the coronavirus and totalled EUR -25.5m.

“We have a healthy order backlog at a record level. Our broad positioning is a major competitive advantage - especially in these challenging times”, said Karl-Heinz Strauss, CEO of PORR. “We have had a stable start to the new year; unfortunately, from March, we have had to accept declines in output and earnings as a result of the coronavirus”.

### High order backlog continues

In the period under review, PORR generated production output of EUR 942m. The 10.0% decrease was mainly accounted for by the Austrian market where around 1,000 construction sites were temporarily closed because of regulatory measures related to the coronavirus. Compared to last year, the consistently selective project acquisition and the completion of large-scale projects in Qatar also contributed to the decrease. In contrast, Business Unit 2 - Germany (BU 2) managed to achieve an increase in output.

Revenue totalled EUR 912.4m, representing a slight decline of 3.5% against the comparable period. EBT was negative due to seasonal factors and the coronavirus. It stood at EUR -25.5m and marked a decrease of EUR 13.7m against the same quarter of the previous year. In the construction industry the first quarter is typically not indicative of the full-year performance.

The order backlog climbed against year-end 2019 and approached the record level of the previous year. With an order backlog of EUR 7,258m, PORR stands on a solid foundation. The order intake decreased by 17.2% compared to the previous year and totalled EUR 1,135m. This decline is the result of the selective strategic approach to acquiring orders. PORR once again increased its orders in the infrastructure sector. The modernisation of the LK351 railway line between Krzyz and Dobiegniew in the north west of Poland was the largest new order for PORR in the new year. In civil engineering, contracts were acquired to overhaul the Furka Tunnel in Switzerland and to build the IC3 interchange in Ras Bufontas in Doha. In building construction, PORR brought in a major new project in Switzerland in the form of the new construction of the Gangloff area. In addition, numerous contracts in residential, commercial and office construction were acquired, particularly in Austria and Poland.

## **Improved capital structure**

As of 31 March 2020, the PORR Group's total assets stood at EUR 3,529m, declining by 3.7% against year-end 2019. The successful issue of a new hybrid bond of EUR 150m took place at the end of January. Equity rose by 14.3% to EUR 685m. At the end of the reporting period, the equity ratio stood at 19.4%, which was significantly higher than the value at year-end 2019.

While seasonal factors led to an increase in net debt to EUR 519.1m (31 December 2019: EUR 345.7m), it was still lower than the comparable figure at the end of the first quarter of the previous year (31 March 2019: EUR 699.0m).

## **Construction embraces future trends**

The spread of the COVID-19 pandemic, especially since the start of March 2020, has led to temporary restrictions on our personal, public and economic lives. At present there is acute uncertainty regarding the actual extent of the coronavirus crisis and the economic implications of the shutdown in many countries. The impacts that this historically unique situation will have on the growth of the national economies affected and thereby on construction activity cannot yet be foreseen. Therefore, a serious revaluation and adjustment to the 2020 targets announced in March is not possible at the present time.

For the medium and long term, the fundamentals of the construction industry are in place. Incentives for corporate investments and higher consumer spending should also provide stimulus. Furthermore, existing and new economic programmes in infrastructure construction in Europe at federal, provincial and municipal level are set to be expedited. The massive backlog of investments and the urgent need for modernisation in many countries demands investment in traffic-route and digital infrastructure, healthcare, education, research, and climate protection. With its one-stop-shop approach, digitalisation technologies and highly capable employees, PORR is ideally positioned to meet these challenges head on.

## Facts and figures at a glance

Key performance indicators (EUR m)	1-3/2020	% Δ	1-3/2019
Production output <sup>1</sup>	942	-10.0%	1,047
Order backlog	7,258	-2.2%	7,422
Order intake	1,135	-17.2%	1,370
Revenue	912.4	-3.5%	945.4
EBITDA	21.2	-33.0%	31.7
EBT	-25.5	> 100.0%	-11.8
Loss for the period	-21.0	> 100.0%	-9.1
Average staffing levels	18,688	1.2%	18,473
Financial position indicators (EUR m)	31.03.2020	% Δ	31.12.2019
Total assets	3,529	-3.7%	3,665
Equity	685	14.3%	599
Equity ratio	19.4%	3.0 PP	16.4%
Net debt	519	50.2%	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 Q1/2020 interim report can be downloaded [here](#).



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