

# FY 2015 of PORR AG

NEW WORLDS

**Investor Presentation**

April 2016

powered by



# Disclaimer

- This presentation was prepared by PORR AG (the "Company") solely for use at investors' meetings and is furnished to you solely for informational purposes.
- This presentation dates as of April 2016. The facts and information contained herein might be subject to revision in the future. Neither the delivery of this presentation nor any further discussions of the Company with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since such date. None of the Company or any of its parents or subsidiaries or any of such person's directors, officers, employees or advisors nor any other person makes any representation or warranty, express or implied as to, and no reliance should be placed on, the accuracy or completeness of the information contained in this presentation. None of the Company or any of its parents or subsidiaries or any of their directors, officers, employees and advisors nor any other person shall have any liability whatsoever for any loss howsoever arising, directly or indirectly, from any use of this presentation. The same applies to information contained in other material made available at the meeting.
- This document is selective in nature and is intended to provide an introduction to, and overview of, the business of the Company. Wherever external source are quoted in this presentation, such external information or statistics should not be interpreted as having been adopted or endorsed by the Company as being accurate.
- This presentation contains forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which the Company operates. These statements generally are identified by words such as "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. The forward-looking statements, including but not limited to assumptions, opinions and views of the Company or information from third party sources, contained in this presentation are based on current plans, estimates, assumptions and projections and involve uncertainties and risks. Various factors could cause actual future results, performance or events to differ materially from those described in these statements. The Company does not represent or guarantee that the assumptions underlying such forward-looking statements are free from errors nor do they accept any responsibility for the future accuracy of the opinions expressed in this presentation. No obligation is assumed to update any forward-looking statements.
- By accepting this presentation you acknowledge that you will be solely responsible for your own assessment of the market and of the market position of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the Company's business

# 01

## HIGHLIGHTS



# Strong Full Year: Delivering Solid Performance in Stable Home Markets

## Sustainable revenue growth

**+4.3%** 

Continued growth  
in revenues

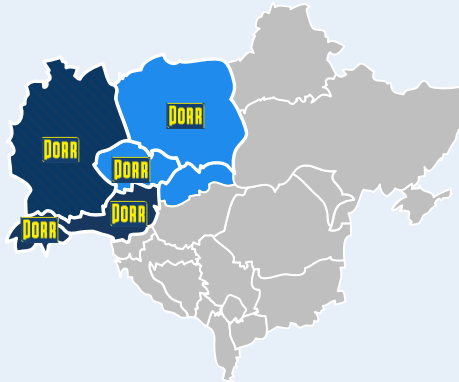
**+39%** 

CAGR in EBT  
over the last four years



**86%**

of production output  
generated in strong  
home markets



**+12.8%** 

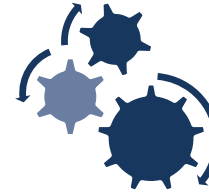
Full order book of  
EUR 4.6bn with a  
high visibility

# Healthy Balance Sheet and Track Record on Cash Generation

## Solid full year results enabling attractive dividends

**+25.9%**

Strong positive cash flow from operations



**Solid** balance sheet enables operational and investment flexibility

**186.5**<sub>mn</sub>

of Net cash – a significant increase for the second time in row



**+33%**

Continued increase in dividends<sup>1</sup> and EUR 0.50 scrip dividend

<sup>1</sup> Proposal to AGM

# Key Figures FY 2015

EUR m

	<u>FY 14<sup>1</sup></u>	<u>FY 15</u>	<u>Change<sup>3</sup></u>	
<b>Production output<sup>2</sup></b>	<b>3,474.9</b>	<b>3,523.7</b>	<b>+1.4%</b>	▶ <b>Growth path in Germany, Switzerland, Cz Rep.</b>
Order Intake	3,135.4	4,044.6	+29.0%	▶ Sound order intake driven esp. <b>by DACH region</b>
Order Backlog	4,058.4	4,579.3	+12.8%	▶ Backlog reached a new <b>all-time-high</b>
Revenues	3,009.1	3,139.7	+4.3%	▶ Reflecting lower joint ventures' output
<b>EBITDA</b>	<b>156.4</b>	<b>165.9</b>	<b>+6.1%</b>	▶ <b>EBITDA increase by +6.1%</b> mainly due to improved cost base & project management
<b>EBITDA %</b>	<b>4.5</b>	<b>4.7</b>		
<b>EBT</b>	<b>66.1</b>	<b>81.1</b>	<b>+22.7%</b>	▶ Clear roadmap of <b>margin improvement</b> Substantial enhancement in financial result
<b>EBT %</b>	<b>1.9</b>	<b>2.3</b>		
<b>Periodic result</b>	<b>48.6</b>	<b>61.0</b>	<b>+25.7%</b>	▶ Net income affected by a tax rate of 24.7%
<b>Earnings per share</b>	<b>1.61<sup>4</sup></b>	<b>2.02</b>	<b>+25.5%</b>	▶ <b>Strong and stable results</b> increasing by +25.5%
<b>Cash Flow from Op.</b>	<b>153.7</b>	<b>193.4</b>	<b>+25.9%</b>	▶ Improved <b>working capital</b> management
<b>Net Cash</b>	<b>65</b>	<b>187</b>	<b>+187.7%</b>	▶ Substantial <b>increase in net cash</b> position

1 Restated excl. discontinued operations

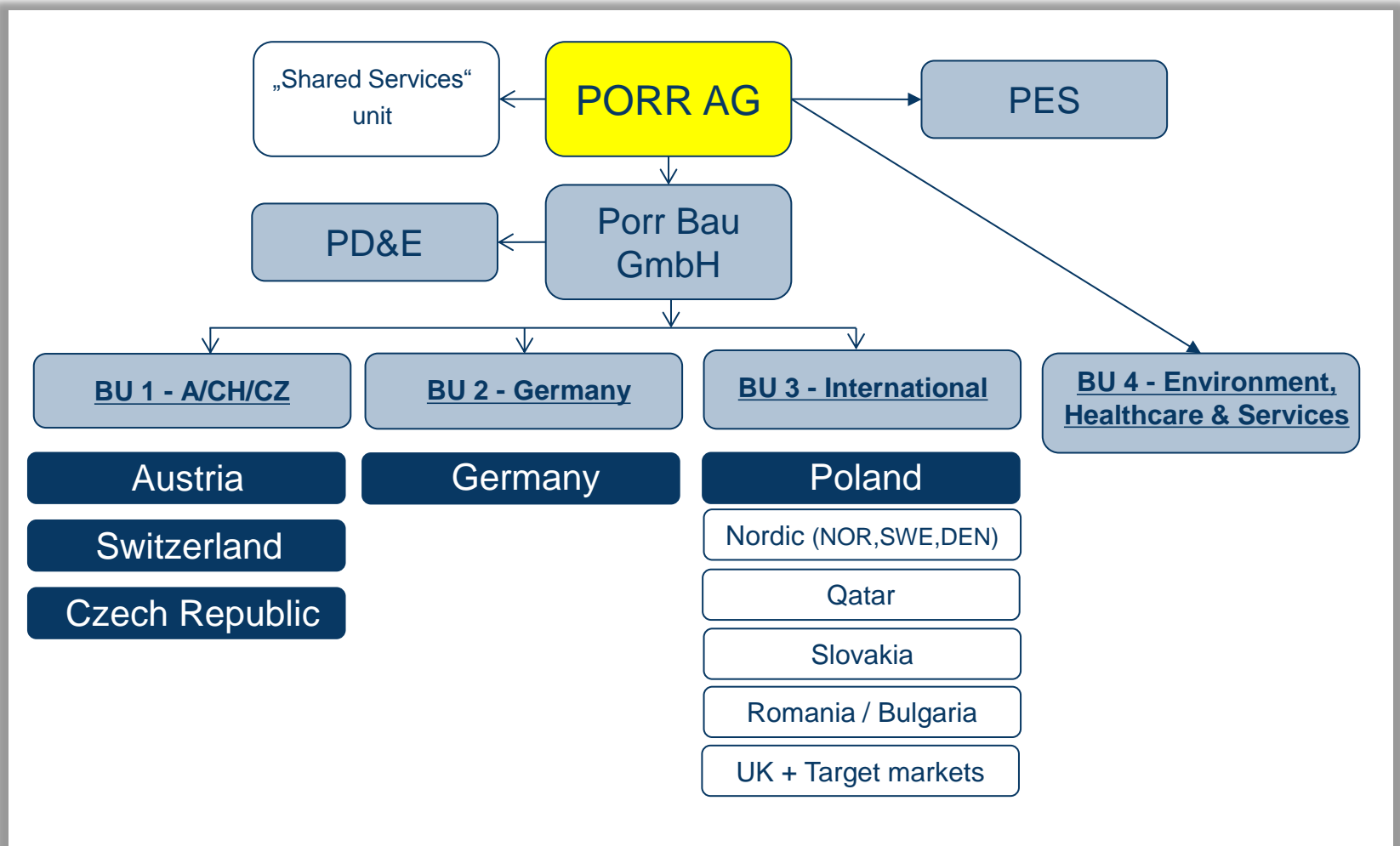
2 Output of consortiums and all associates are included proportionally in production output which deviates from revenues according to IFRS

3 Rounding differences can appear 4 EPS of continued operations

# 2015 Milestones – Persistent Successful Strategy Focus

- 1 Stable and consistent growth in home markets**  
Strong geographical footprint supported by technical excellence
- 2 Value over volume**  
Deep focus on projects adding most value
- 3 Solid balance sheet**  
Improved efficiency and cash generation
- 4 Creating value through strategic acquisitions**  
PORR Polska Infrastructure as a specialist for complex civil engineering projects
- 5 Enabling strong dividend yield**  
Proposed dividend of EUR 1.50, including EUR 0.50 one-off scrip dividend
- 6 Transforming the way we work**  
New world of work, new organizational structure

# A New Consistent And Lean Organizational Structure: Bundling Activities And Creating Synergies





# 02

## Markets & Strategy



# 2015 Strategy Achievements

## MARKETS

- Strong market position in **Austria**
- Solid growth in **Germany**, strong presence in complex infrastructure projects
- **Strong order intake** driven by Poland, DACH region and Qatar
- First footprint in **Norway**

## OPERATIONS

- Clear roadmap of **sustainable margin improvements** leading to an EBT margin of 2.3% in 2015 (1.9% FY 14)
- **Net cash** increased to EUR 187m, **working capital** improvements
- Focus on **high-margin projects**
- **Improved cost base & risk mgmt**

## TECHNOLOGY & INNOVATION

- Development and strengthening of **key technologies as BIM**
- Investments in IT infrastructure

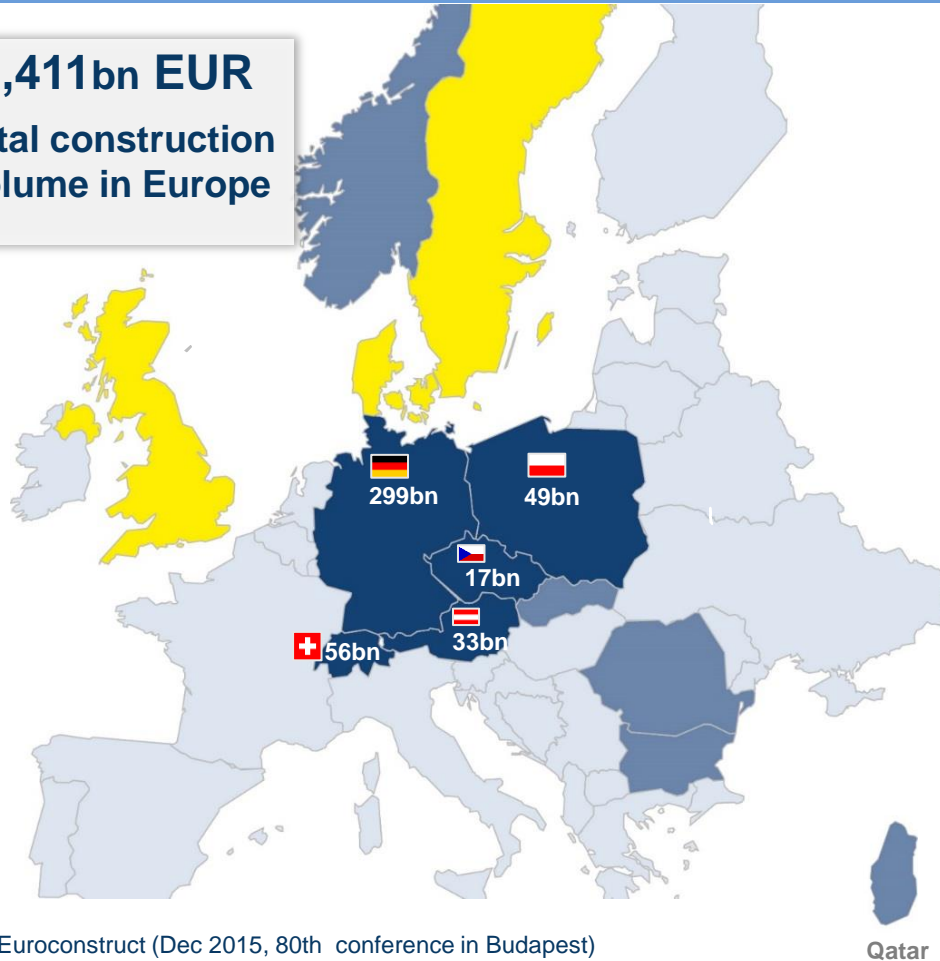
## CULTURE

- Realization of the „**New World of Work**“ – a new way to work in an open and transparent atmosphere creating a **dynamic and flexible organization**
- Highly qualified and committed employees

# PORR Construction Markets Showing Stable Growth Perspectives

## Market Volume & Approach

**1,411bn EUR**  
Total construction volume in Europe



Source: Euroconstruct (Dec 2015, 80th conference in Budapest)

### Home markets

- Well-established with a strong profile in its home markets
- Detailed knowledge about the markets, competitors and clients
- Great depth of added value / nearly 100% execution within the company

### Project markets

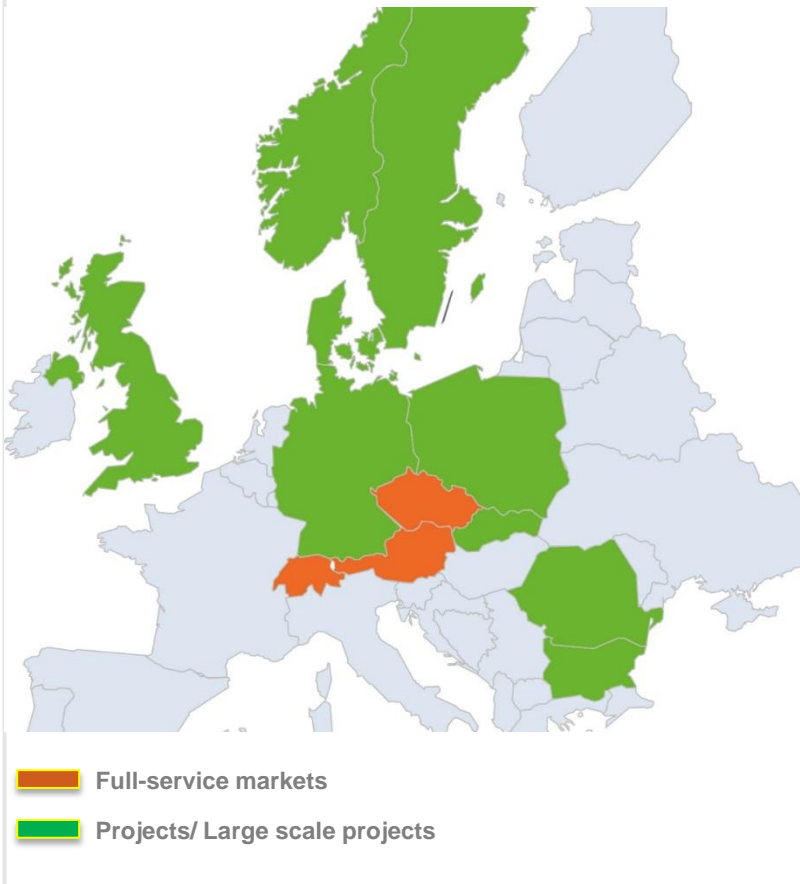
- Established company in selected areas of expertise (focus infrastructure)
- Good knowledge about the markets, competition and clients in these areas
- Strict selection of projects
- Strategic partnerships

### Target markets

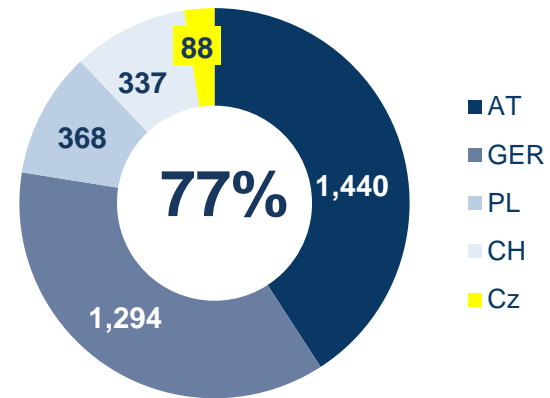
- Project approach / strict project selection in infrastructure sector
- Clear rules for market entry:  
Project – Partner – Team

# A Stable and Consistent Business Supported by a Full Order Pipeline

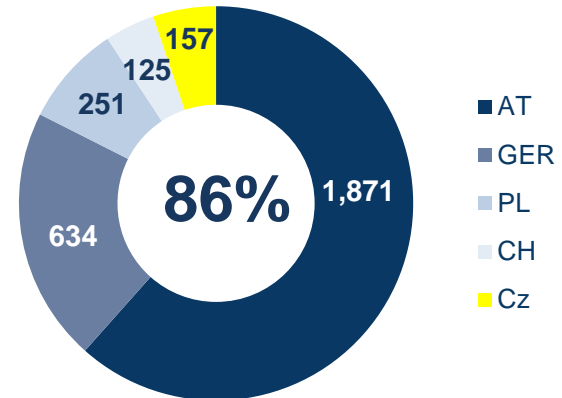
## PORR Markets – focused business model



## Order backlog by region, EURm



## Production output by region, EURm



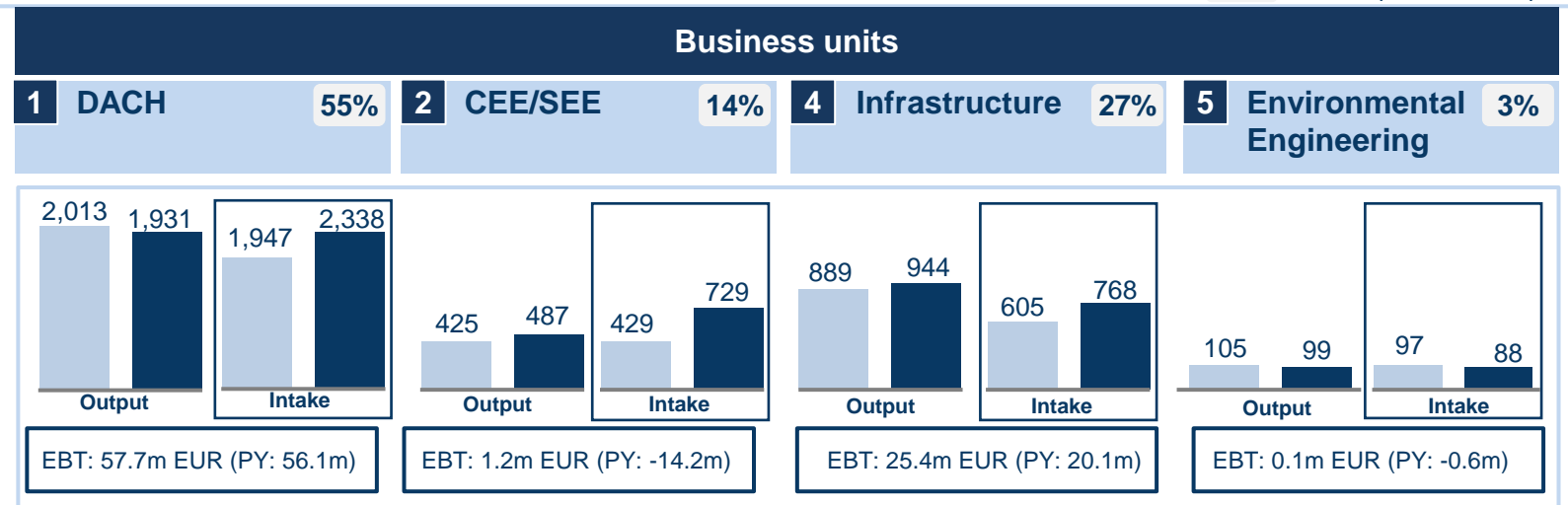
# 03

## Operational Performance



# Strong Operating Performance Drives Earnings Up

...% share of production output



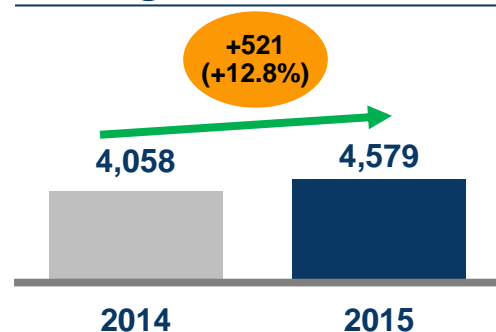
2014 2015

Top market position in Austria	Maintain focused on selective projects	Strong technical leadership	Active in niches
<ul style="list-style-type: none"> <li>Focus on value projects in Austria and herewith lower production output</li> <li>Growth in GER / CH</li> </ul>	<ul style="list-style-type: none"> <li>Turnaround realized</li> <li>Intake increase driven by Poland and Czech Republic (EU-Funds)</li> <li>Poland's output affected by completion of projects vs increasing new orders</li> </ul>	<ul style="list-style-type: none"> <li>Increased output due to tunneling and the Green Line project in Qatar</li> <li>New order in Qatar with export product slab track</li> </ul>	<ul style="list-style-type: none"> <li>Output reduced due to finished works at power plant Voitsberg</li> <li>Order intakes in Austria and Germany with projects like A23 demolition, Voest plant in Linz</li> </ul>

# Quality Pipeline until 2020 and Beyond

## Order backlog and TOP 15 Projects in FY 2015 (EUR m)

### Backlog



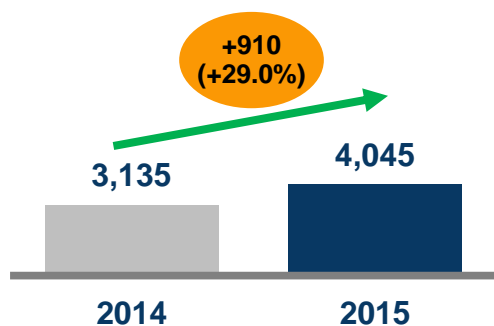
Selected projects	Country	EUR m <sup>1</sup>	Entry	Duration	POC
Metro Doha "Green Line"	QA	944	Jun-13	Jun-18	38.6%
KAT 3 Koralm tunnel	AT	297	Jun-13	Jul-20	27.2%
"Stuttgart 21" Filder tunnel	DE	266	Jul-11	Jul-20	26.7%
Tunnel Alaufstieg	DE	235	Oct-12	Feb-19	39.8%
Slab track General	QA	162	Jun-15	May-18	3.9%
Europaallee ZH Lot 1 – 4	CH	153	Feb-15	Jun-20	9.6%
Emscher BA 40	DE	144	Dec-13	Apr-19	41.2%
Expressway S 17 Ryki	PL	117	Nov-15	Jun-19	0.1%
Slab track Coburg Ilmenau	DE	103	Nov-12	Jun-16	90.3%
"Stuttgart 21" Lot 2a/3	DE	99	Jul-12	Dec-18	26.4%
Hospital Vienna North	AT	98	May-12	Mar-17	92.5%
Motorway Sebes-Turda	RO	96	Apr-14	Mar-17	44.1%
Bavaria Towers	DE	82	Jun-15	Mar-18	4.2%
Smart Campus	AT	79	Jul-14	Jun-16	72.7%
Expressway S6 (Kolobrzeg)	PL	66	Nov-15	Sep-19	0.0%

<sup>1</sup> Stated values are project values attributable to PORR at time of contract awarding

# Value Over Volume: Order Intake With a Balanced Project Size

Order intake increase by 29.0% over all Business units in FY 2015 (EUR m)

## Intake



Selected projects	Country	EUR m <sup>1</sup>	Entry	Duration
SL-G Slab Track General	QA	162	Jun-15	May-18
Europaallee ZH Lot 1-4	CH	153	Feb-15	Jun-20
Expressway S 17 Ryki	PL	117	Nov-15	Jun-19
Bavaria Towers	DE	82	Jun-15	Mar-18
Expressway S6 (Kolobrzeg)	PL	66	Nov-15	Sep-19
Haribo Lot2	DE	63	Sep-15	Apr-17
Albula Tunnel	CH	47	Mar-15	Dec-20
University hospital Cracow	PL	38	Feb-15	Apr-19
Monte Laa BP 5	AT	35	May-15	Oct-17
Living and Hotel Freiburg	DE	35	Jun-15	Apr-17
Ceneri Basistunnel	CH	35	Mar-15	Aug-20
WHA Pfarrwiesengasse 23	AT	32	Jun-15	Apr-17

<sup>1</sup> Stated values are project values attributable to PORR at time of contract awarding



# 04

## FINANCIAL SECTION



# Consolidated Income statement

EUR thd

	2012	2013 <sup>2</sup>	2014	2015	Δ %	Comments
<b>Production output<sup>1</sup></b>	<b>2,905,634</b>	<b>3,162,079</b>	<b>3,474,885</b>	<b>3,523,752</b>	+1.4%	Revenue/output stable High order intake level
Revenues	2,314,828	2,630,025	3,009,118	3,139,687	+4.3%	
Material costs	-1,455,484	-1,748,711	-2,026,001	-2,060,827	+1.7%	Reduced material cost base and optimized project execution
- Material costs	-558,339	-619,721	-680,195	-651,443	-4.2%	
- Purchased services	-897,145	-1,128,990	-1,345,806	-1,409,384	+4.7%	
Staff costs	-625,309	-669,814	752,960	- 807,638	+7.3%	Staff increase in line with order intake development
Other operating results	-154,609	-103,943	- 140,779	-152,052	+8.0%	Lower operating income by EUR -17.7m
<b>EBITDA</b>	<b>103,837</b>	<b>146,614</b>	<b>156,424</b>	<b>165,942</b>	+6.1%	Improved cost base and project execution
<b>EBITDA<sup>3</sup> %</b>	<b>3.6</b>	<b>4.6</b>	<b>4.5</b>	<b>4.7</b>		
Depreciation	-50,028	-65,736	-74,716	-78,172	+4.6%	Higher investments
<b>EBIT</b>	<b>53,809</b>	<b>80,878</b>	<b>81,708</b>	<b>87,770</b>	+7.4%	EBIT increase by +7.4% to EUR 87.7m
<b>EBIT<sup>3</sup> %</b>	<b>1.9</b>	<b>2.6</b>	<b>2.4</b>	<b>2.5</b>		
Financial result	-31,801	-21,287	-15,608	-6,657	-57.4%	Significantly improved liquidity
<b>EBT</b>	<b>22,008</b>	<b>59,591</b>	<b>66,100</b>	<b>81,113</b>	+22.7%	Consistent improvement of margins
<b>EBT<sup>3</sup> %</b>	<b>0.8</b>	<b>1.9</b>	<b>1.9</b>	<b>2.3</b>		
Taxes	-4,015	7,059	-17,542	-20,069	-14.4%	Tax rate of 24.7%
<b>Periodic result</b>	<b>17,993</b>	<b>52,532</b>	<b>48,558</b>	<b>61,044</b>	+25.7%	EPS increase to EUR 2.02

1 Output of consortiums and all associates are included proportionally in production output which deviates from revenues according to IFRS

2 Restated excl. discontinued operations

3 Margins calculated on production output

# Consolidated Balance Sheet

EUR thd

		<u>31.12.2012</u>	<u>31.12.2013</u>	<u>31.12.2014</u>	<u>30.12.2015</u>	
<b>Assets</b>	Long-term assets	1,101,407	1,068,659	728,013	715,871	<b>Comments</b> Higher investments: equipment, project „new world of work“  Strong liquidity base: increase of cash by EUR +122m Increase in receivables by +3.7%
	Short-term assets	959,334	1,227,811	1,418,017	1,588,126	
	<b>Total assets</b>	<b>2,060,741</b>	<b>2,296,470</b>	<b>2,146,030</b>	<b>2,303,997</b>	
<b>Liabilities &amp; equity</b>	Equity (incl. non-controlling interest)	322,553	347,662	385,171	412,118	Stable equity ratio of 17.9% Treasury shares of 2.0%  Placement of a SSD (loan of promissory note) of EUR 185.5m  Stable level of payables Reduced fin. liabilities  Consolidation of Bilfinger Infrastructure S.A. in Poland
	Long-term liabilities	595,591	668,692	408,830	551,655	
	Short-term liabilities	1,142,597	1,280,116	1,352,029	1,340,224	
	<b>Total assets</b>	<b>2,060,741</b>	<b>2,296,470</b>	<b>2,146,030</b>	<b>2,303,997</b>	
<b>Ratios</b>	Net debt <sup>1</sup> (EUR m)	586	357	-65	-187	
	Equity ratio (%)	15.7	15.1	18.0	17.9	

<sup>1</sup> Bonds plus financial liabilities less cash and cash equivalents

# Unique Step in Austria – First Scrip Dividend Ever: PORR Plans to Increase Ordinary Dividend and to Offer an Additional Extraordinary Scrip Dividend

## Dividend Proposal

- PORR will propose an ordinary **dividend of EUR 1.00** as a cash payment – an increase by 33%
- In addition, shareholders will be offered an unique **extraordinary dividend of EUR 0.50 in form of a scrip dividend**



## The way scrip dividend works

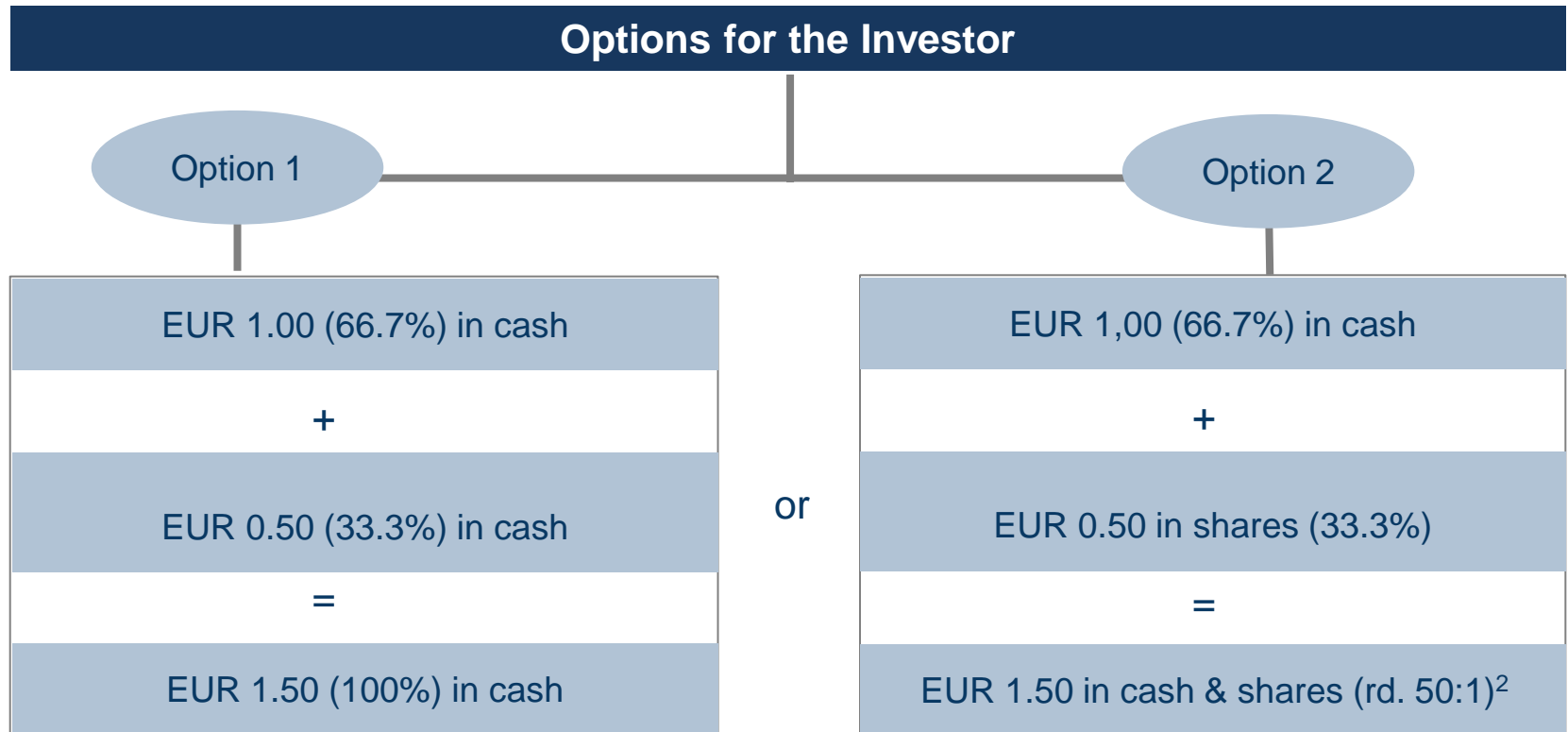
- Shareholders can **elect** to reinvest EUR 0.50 dividend in shares or cash
- PORR will use only treasury shares for scrip dividend
- No new shares are issued
- Reinvest price will be set after the subscription period and close to market price
- Shareholders with no sufficient number of shares will receive dividends in cash in any case



## Next steps

- Detailed information will be given **three weeks before** general meeting (24. May 2016)
- A **subscription period of two weeks** in June, provided positive resolution at AGM
- **Subscription ratio** will be determined after the end of the subscription period

# Scrip Dividend<sup>1</sup>: What Happens From an Investors' Point of View?



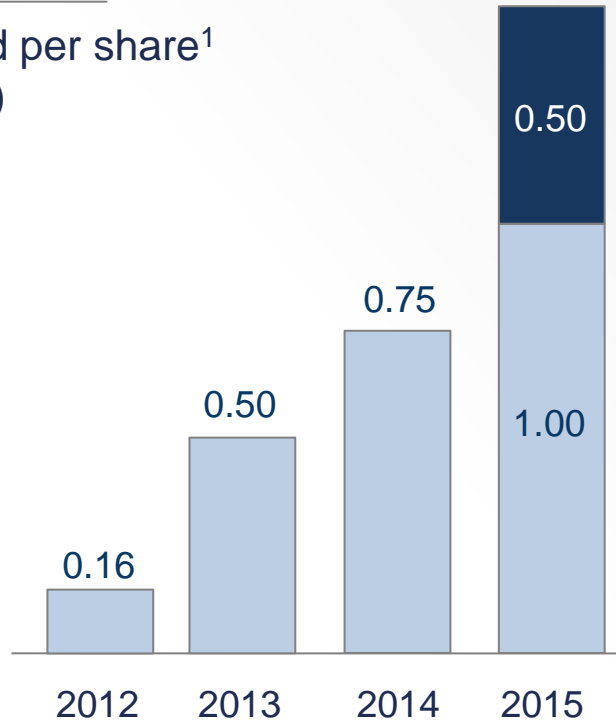
1 Taxation of the total dividend of EUR 1.5 can be settled from the cash dividend per share

2 Assumption of a reinvest price of EUR 25.0; the actual reinvest price will be set shortly after the end of the subscription period closely oriented to the prevailing share price.

# Sustainable Dividend Policy

## Dividends

Dividend per share<sup>1</sup>  
(in EUR)

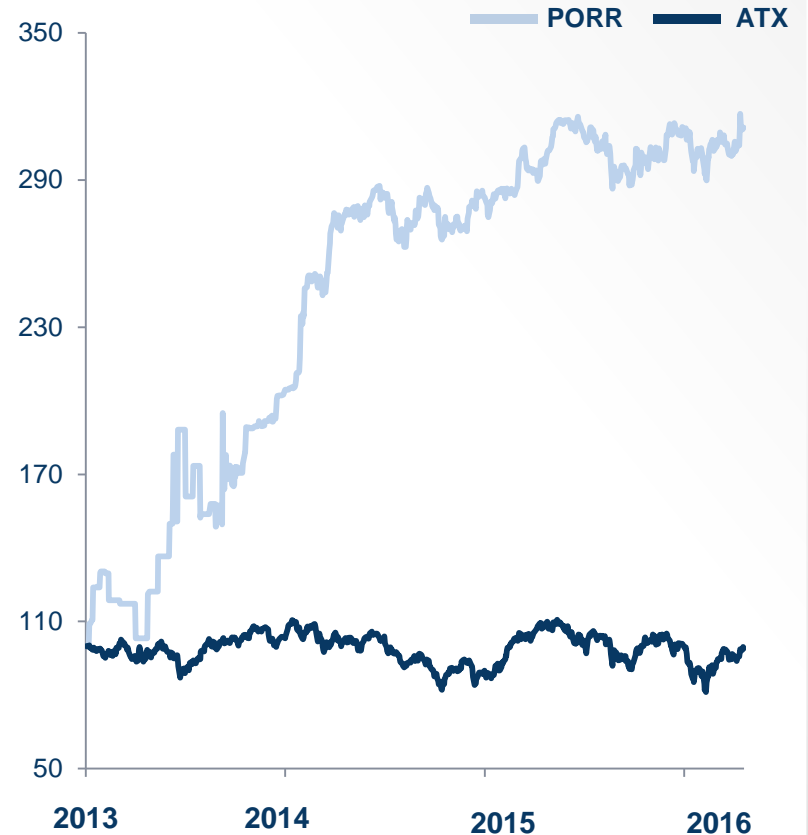


Dividend  
yield



## PORR Share as compared to market <sup>4</sup>

Induced share price and values



1 Adjusted to share split 2015 to allow better comparison  
2 Restated excl. discontinued operations

3 Dividend yield including scrip dividend  
4 Data as per 20.04.2016

# 05

## KEY TAKEAWAYS



# A Step Ahead: Key Strategic Priorities 2016

- 1 Continued focus on home markets**  
Growth potential especially in Germany, Poland, Czech Republic and Switzerland
- 2 Exploiting new growth opportunities via export products**  
New target markets as UK and Scandinavia in the fields of tunneling, bridge, slab track and foundation engineering
- 3 Drive revenue growth and underlying operational excellence**  
Small- and mid-sized acquisitions, improving working capital, continued performance management & process optimization
- 4 Maintain healthy balance sheet and strong liquidity base**  
Improving cash management & maintaining net cash position for year end
- 5 The construction site of the future**  
Focus on BIM (5D), IT streamlining





**YOUR QUESTIONS**

powered by

