

# **PORR AG H1 2017**

## **Intelligent Building ...**

Investor Presentation  
September 2017



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# PORR - At a Glance

**PORR**



# PORR - At a Glance

## Business Units

1

Permanent  
market AT/CH/CZ

2

Permanent  
market DE

3

International  
project market

4

Environmental,  
healthcare & serv.

## Key Facts<sup>1</sup>

Production  
**EUR 3.9bn**

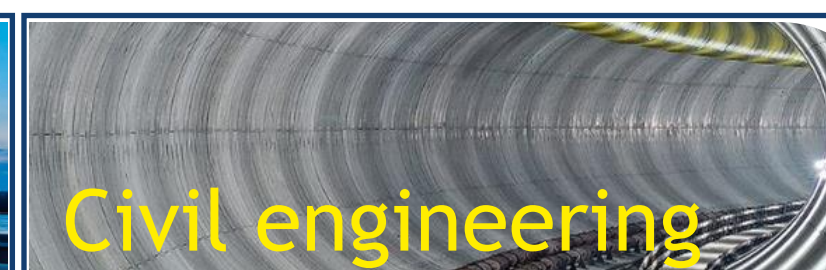
Employees  
**~15.300**

Backlog  
**EUR 4.8bn**

EBT  
**EUR 91.1m**

PORR, a leading full service  
provider in the construction  
sector

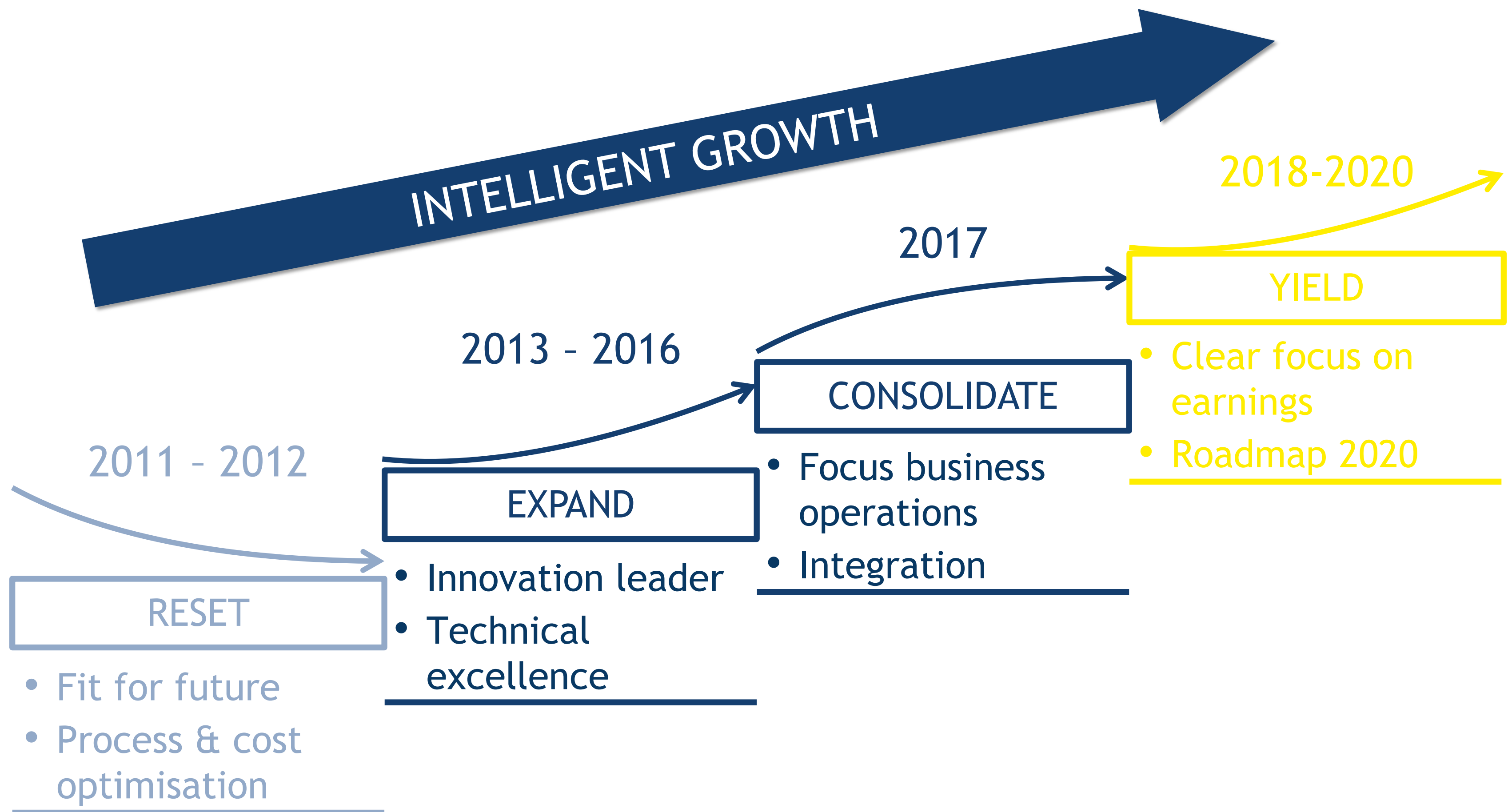
## Markets



1 As of FY 2016

**PORR**

# Successful Company Transformation



# Reasons for Pursuing Our Recent Active Acquisition Strategy





# Highlights H1 2017

## INTELLIGENT GROWTH

### Three major acquisitions

- Franki Grundbau
- Oevermann
- Hinteregger Group<sup>1</sup>



## PRODUCTION GROWTH

21% growth in production output



## TECHNOLOGY

First Lean Construction (LC) project with BMW



## ORDER BACKLOG

Strongest order backlog in history with EUR 5,700m in H1 2017



## SELECTED PROJECT

Fifth major bridge construction project in Norway

<sup>1</sup> Closing was on 07/09/2017





# Why to Own Our Shares?

**PORR**



# Overview on our Key Investment Highlights



*Details to be laid out on following pages*

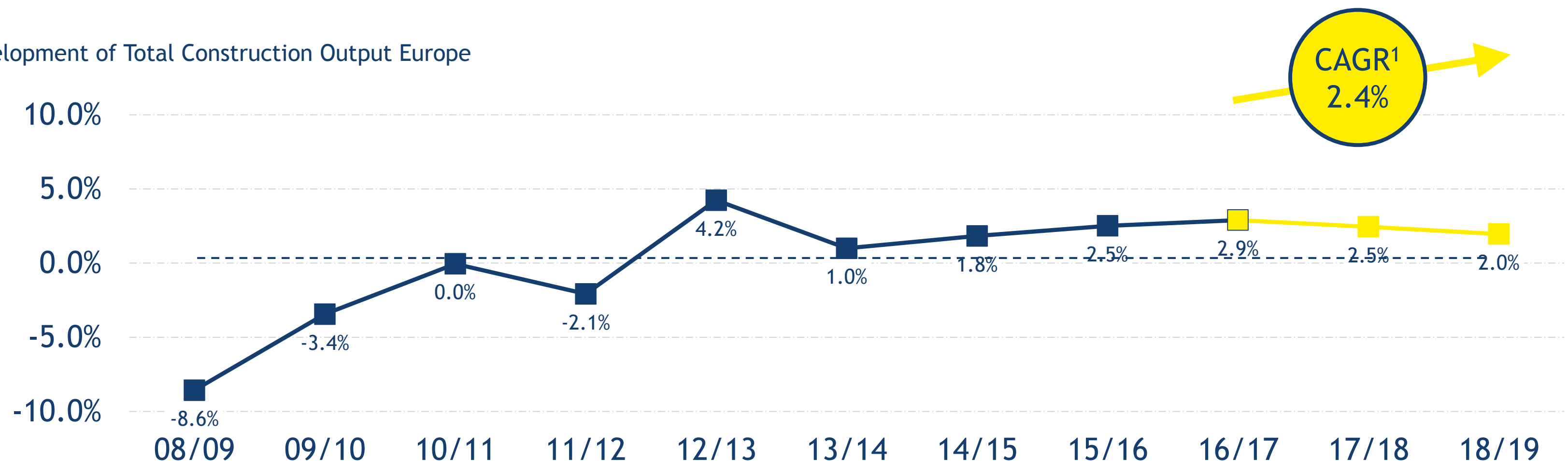


**Our Markets are  
Driven by  
Favourable Long-  
Term Effects**



# Continuously Growing Construction Market in Europe

Development of Total Construction Output Europe



## General Trends & Drivers Supporting Growth in the Construction Market

Ongoing  
Urbanisation

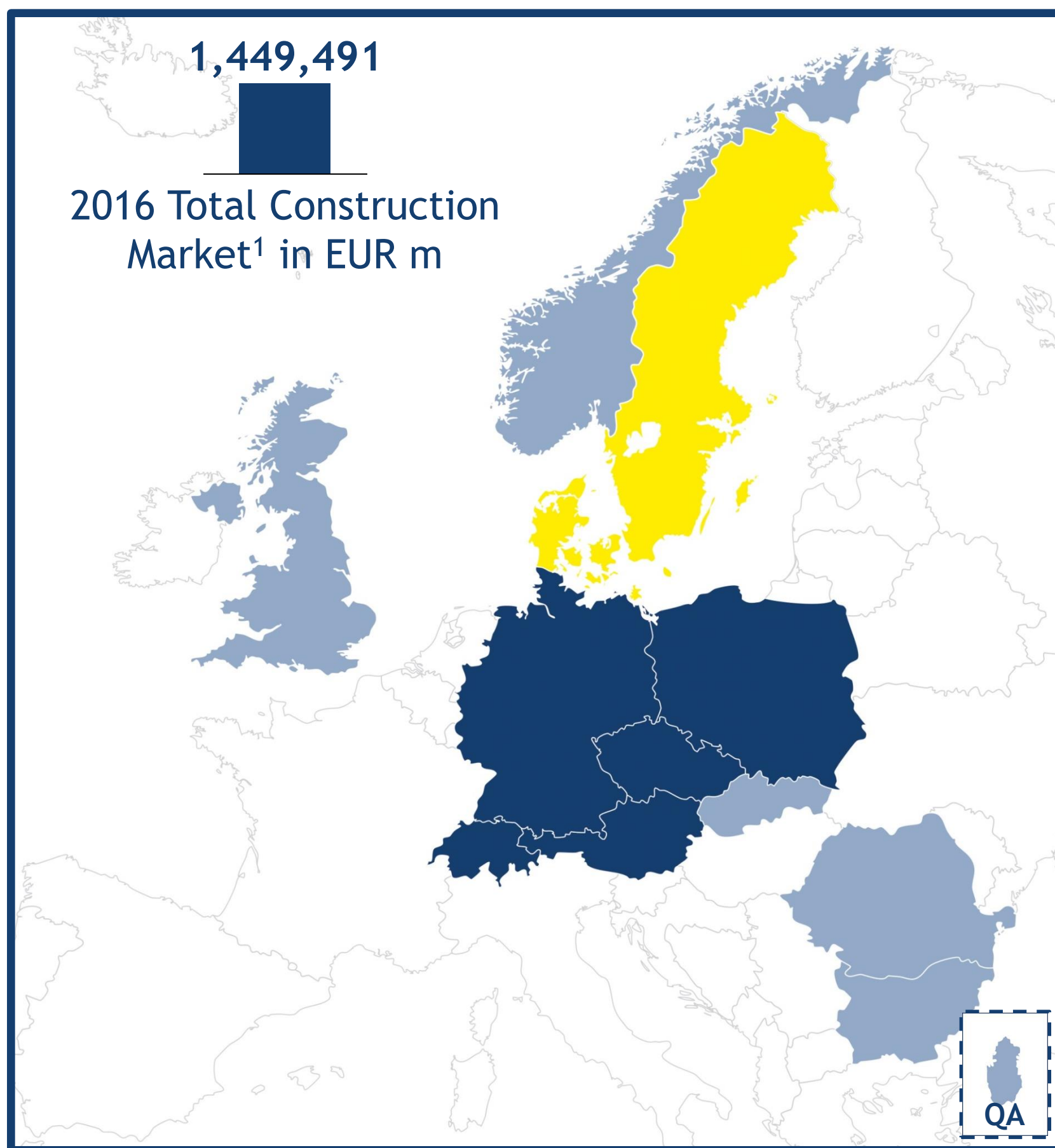
Significant Infrastructure  
investment programs (e.g. DE)

Migration

Changing Industrial  
Business Models



# PORR'S Construction Markets Show Growth Forecasts and High Volumes



## Home Markets (86% Production Share)



## Project Markets (14% Production Share)



## Target Markets



1 Euroconstruct-19 Countries, 2 Without Qatar

Source: 83<sup>rd</sup> EUROCONSTRUCT Summary Report, Eastern European Construction Forecasting Association

Investor Presentation • 12/09/2017 • Page 12

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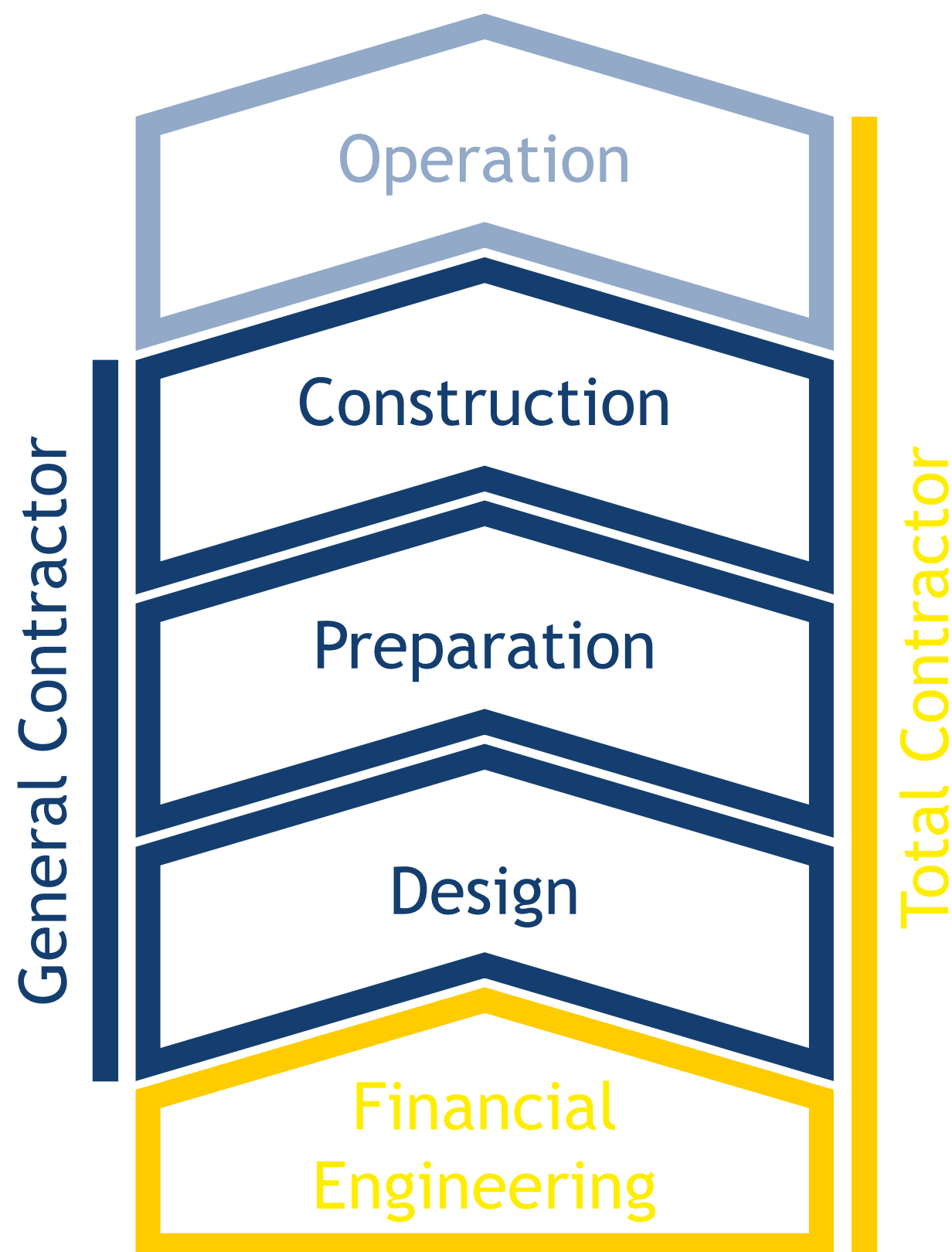


**We Focus on Our  
Core Business:  
Construction  
from A-Z**





# We Selectively Develop to a General/Total Contractor with Expertise in Lean Construction



- PORR is and will remain a construction company that builds as much as possible itself
- We focus on our core competencies alongside the construction value chain (e.g. Lean Construction)
- Within single segments we develop unique expertise (e.g. civil engineering) to be „best in class“
- Where our specific knowledge gives us an edge, we selectively extend our service portfolio, e.g.:

## Operation

PPP in two Austrian children's hospitals



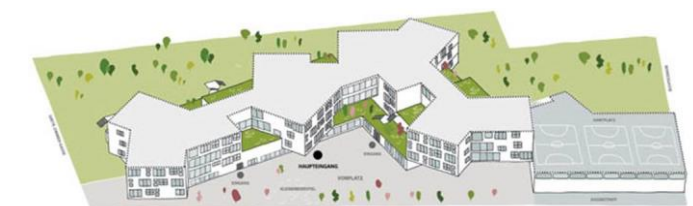
Bad Erlaa



Rohrbach

## Financial Engineering

PPP-School “Berresgasse” Campus in Vienna...



...and also in civil engineering

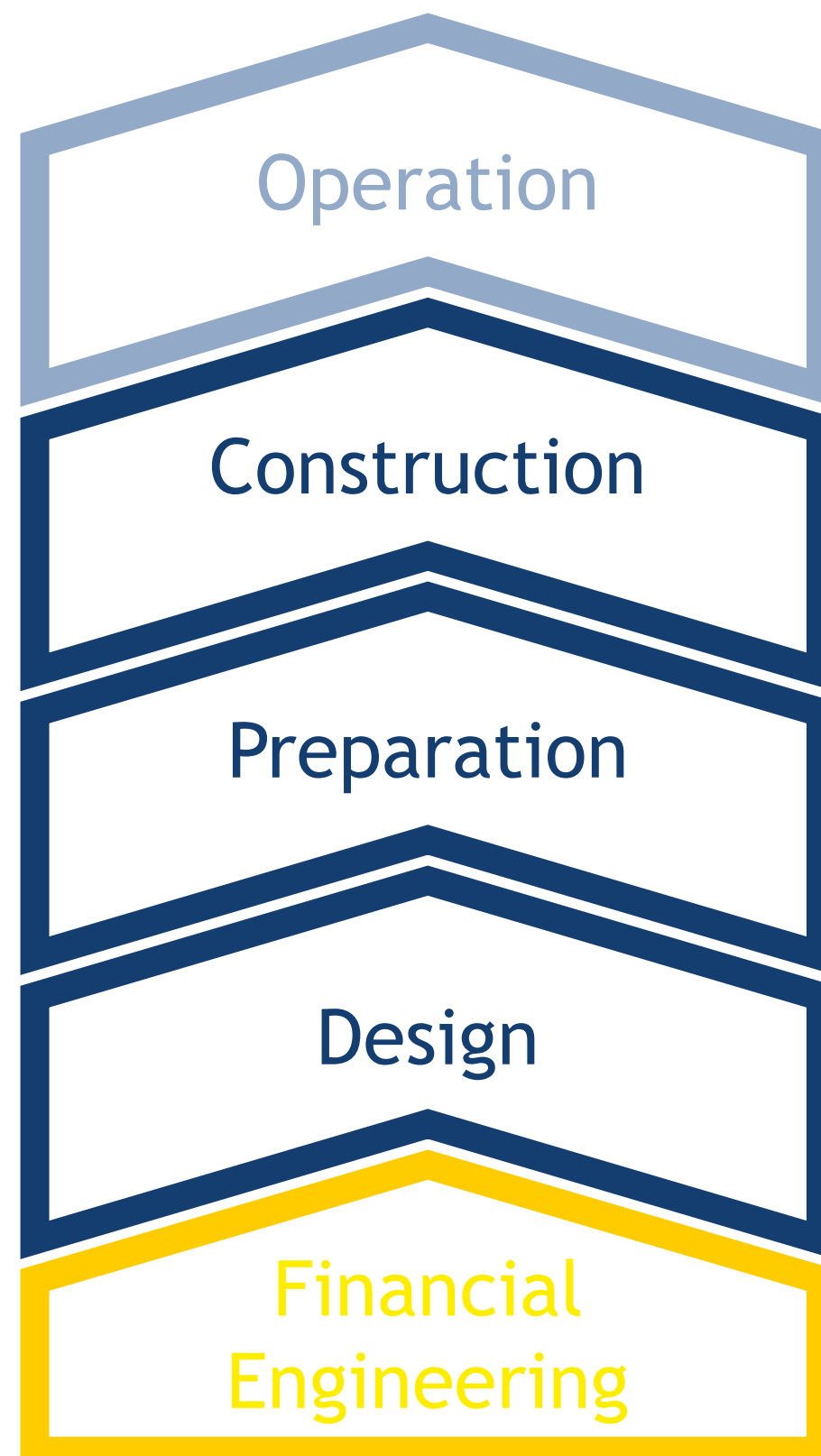
**PORR**



# Our Recent M&A Activities are Fully Supporting the Strategy of Intelligent Growth

Expertise Building

Regional Expansion



**PORR**  
*hospitals*

**PORR**  
*ABW*

**PORR**  
*G&P*

**BBGS**

**PRAJO & CO**

**PORR**  
*bpp*

**PORR**  
*PWW*

**FRANKI**  
*GRUNDBAU*

**Stump**

**PORR**  
*Geotechnik*

**TKDZ**

**PORR**  
*Polska Infra-structure*

**G. HINTEREGGER**  
*& SÖHNE  
Baugesellschaft m.b.H.*

**PORR**  
*Alpine*

**GOIDINGERBAU**

**nägele**  
*hoch- und tiefbau*

**OEVERMANN**

**PORR**

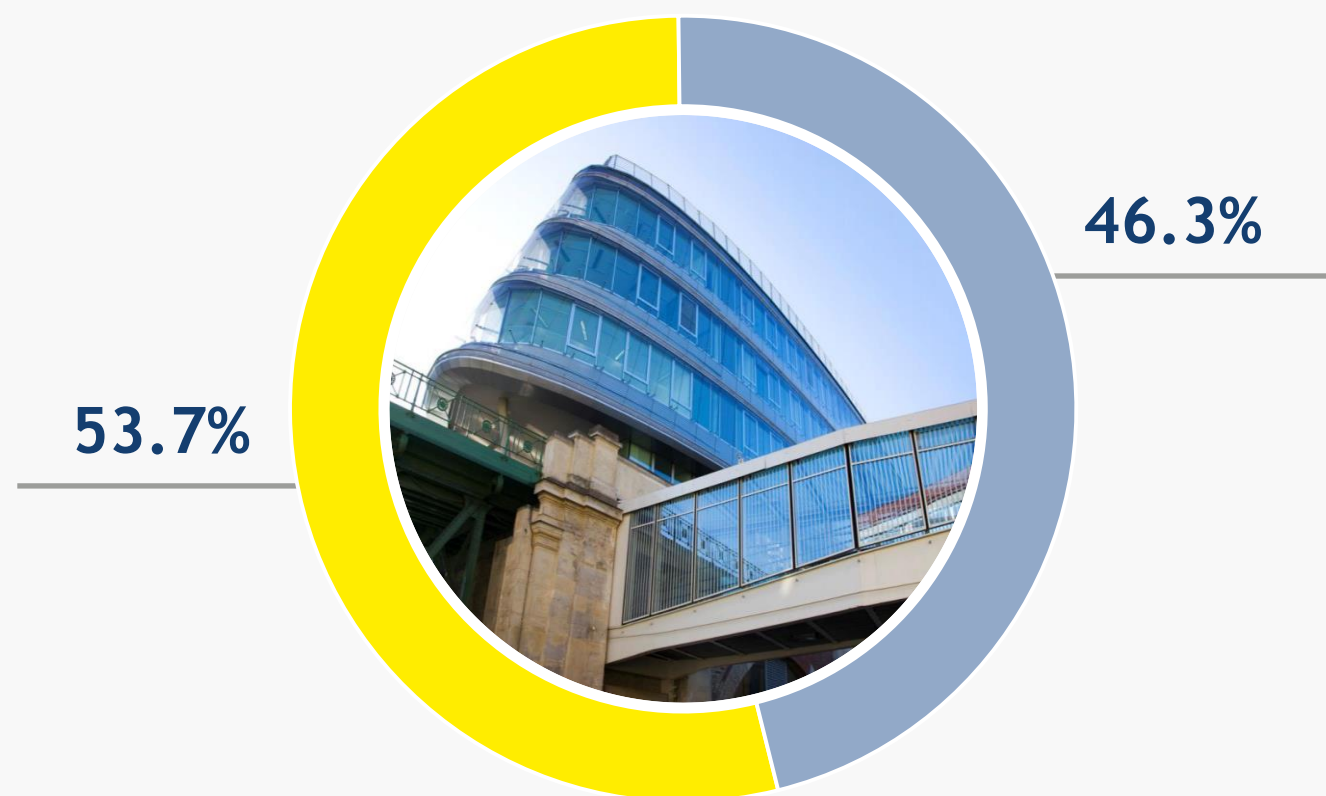
**We Incorporate  
an  
Entrepreneurial  
Mindset**

**PORR**



# Aligned Interests Resulting in Sustainable Growth and a Consistent Dividend Policy

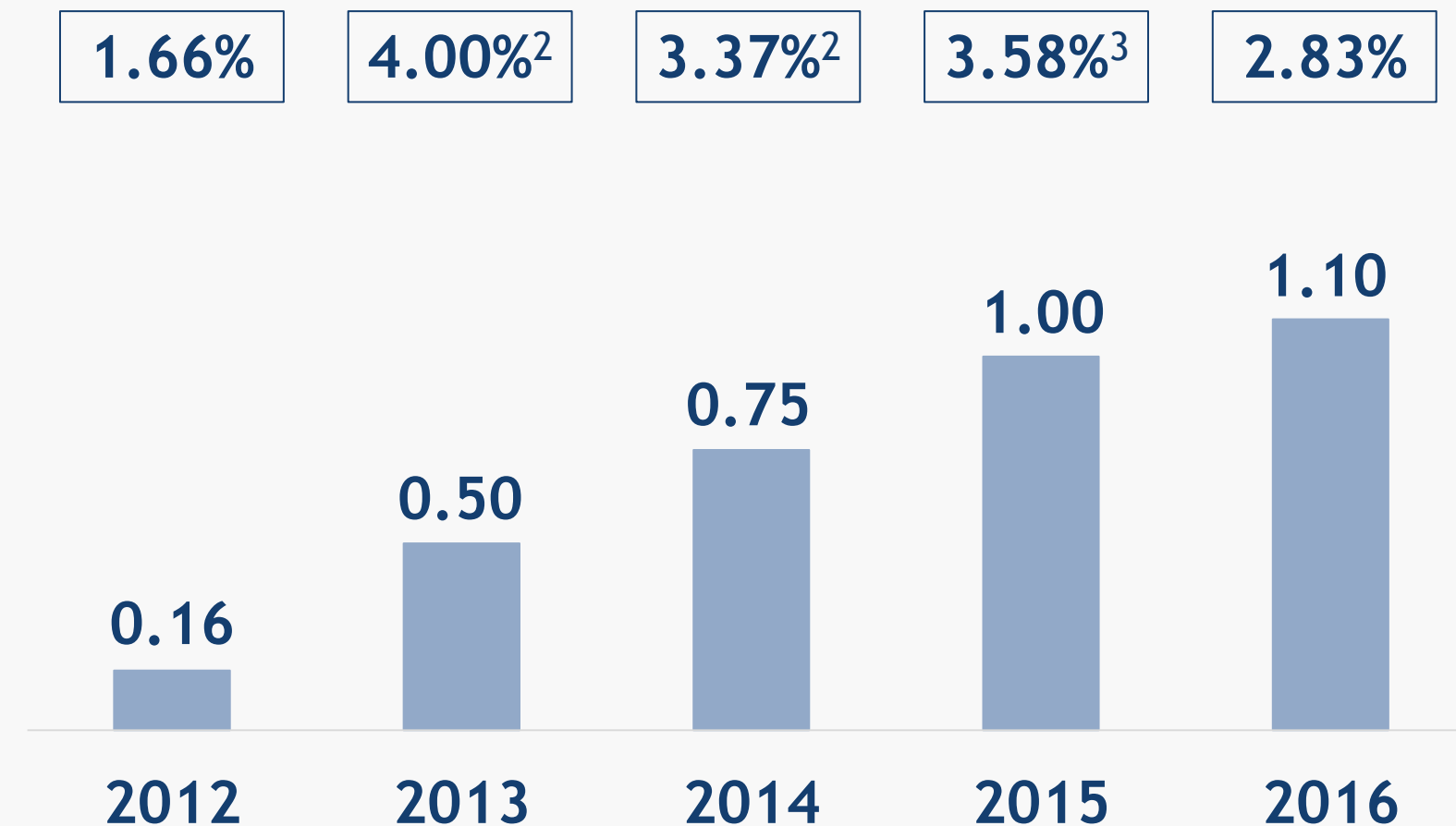
## Ownership Structure



Syndicate (Strauss Group, IGO-Ortner Group)

Free float

## Dividends



Dividends per share<sup>1</sup> in EUR

Dividend yield

**As an owner-managed company, PORR is perfectly aligned with its remaining shareholder**

**Stable dividend policy (30-50% payout ratio<sup>4</sup>) ensuring attractive and reliable returns for shareholders**

1 Adjusted for share split 2015 to allow for better comparison, 2 Restated excl. discontinued operations,  
3 In 2015 excluding additional scrip dividend, 4 Depending on M&A Strategy  
Investor Presentation • 12/09/2017 • Page 17

# PORR is often Partner of Choice due to its Handshake Mentality

Quality  
Technology Responsibility Mindset  
Eye level  
Not the biggest but the best Innovation  
Intelligent Building Owner-managed Performance  
Entrepreneur Trustworthiness Focus Leader  
Sustainability Mutual trust Operational excellence  
Commitment Regions Handshake mentality  
Mid-size sector

Handshake mentality approach transforming in successful projects

Selected  
clients:



**PORR**



# **We Have a Strong Financial Performance**

# Growth Track Record

## Historical financial development (in EUR m)

Production output

Revenue

EBT/EBT margin<sup>1</sup>

-83.1

22.0

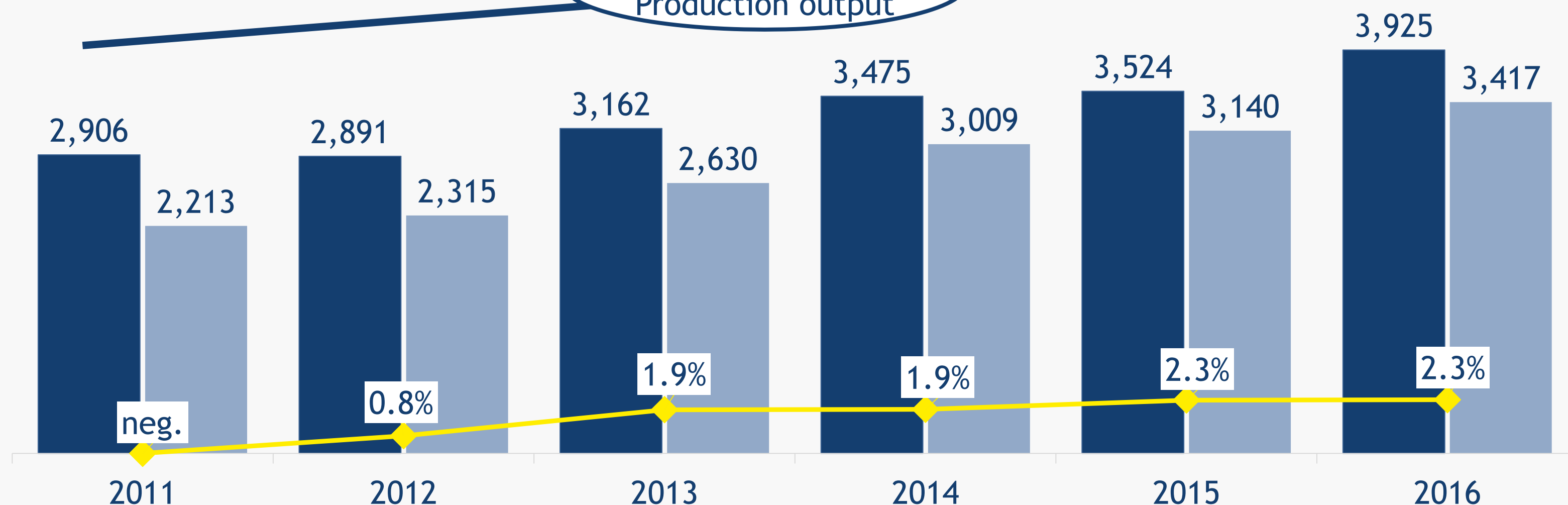
59.6

66.1

81.1

91.1

+6.2% CAGR  
Production output



<sup>1</sup> EBT margin calculated as percentage of production output



# Consolidated Income Statement

FYE 31 Dec (EUR m <sup>1</sup> )	2016	H1 2016	H1 2017	Change
<b>Production output<sup>2</sup></b>	<b>3,925.3</b>	<b>1,662.8</b>	<b>2,014.8</b>	<b>21.2%</b>
<b>Revenue</b>	<b>3,417.1</b>	<b>1,509.2</b>	<b>1,771.2</b>	<b>17.4%</b>
Share of profit/loss of companies accounted for under the equity method	46.3	19.1	18.6	(2.7%)
Cost of materials and other related production services	(2,251.4)	(966.6)	(1,183.6)	22.5%
Cost of Materials	(643.9)	(270.0)	(348.3)	29.0%
Purchased services	(1,607.5)	(696.6)	(835.3)	19.9%
Staff expense	(874.1)	(417.7)	(467.6)	12.0%
Other operating result <sup>3</sup>	(150.5)	(76.1)	(81.7)	7.1%
<b>EBITDA</b>	<b>187.3</b>	<b>67.9</b>	<b>56.9</b>	<b>(16.1%)</b>
- in % of Production output	4.8%	4.1%	2.8%	
Depreciation, amortisation & impairment	(87.3)	(39.7)	(48.5)	22.2%
<b>EBIT</b>	<b>100.1</b>	<b>28.2</b>	<b>8.4</b>	<b>(70.1%)</b>
- in % of Production output	2.5%	1.7%	0.4%	
Financial result	(9.0)	(6.8)	(4.4)	(34.3%)
<b>EBT</b>	<b>91.1</b>	<b>21.4</b>	<b>4.0</b>	<b>(81.5%)</b>
- in % of Production output	2.3%	1.3%	0.2%	
Taxes	(24.2)	(5.1)	(1.0)	(80.2%)
<b>Profit for the period</b>	<b>66.8</b>	<b>16.3</b>	<b>3.0</b>	<b>(81.9%)</b>

1 Rounding differences can appear, 2 Output of consortiums and all associates are included proportionally in production output which deviates from revenues pursuant to IFRS, 3 Own work capitalised in non-current assets included

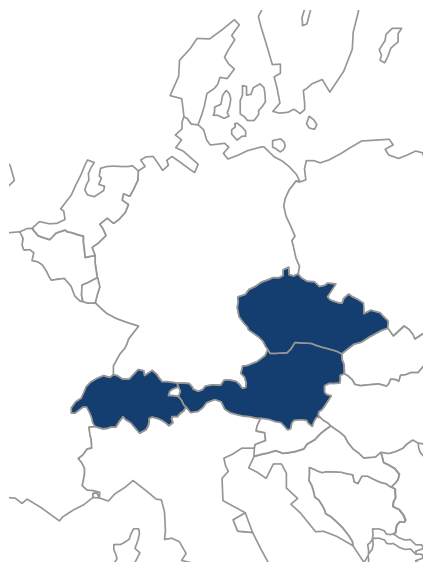

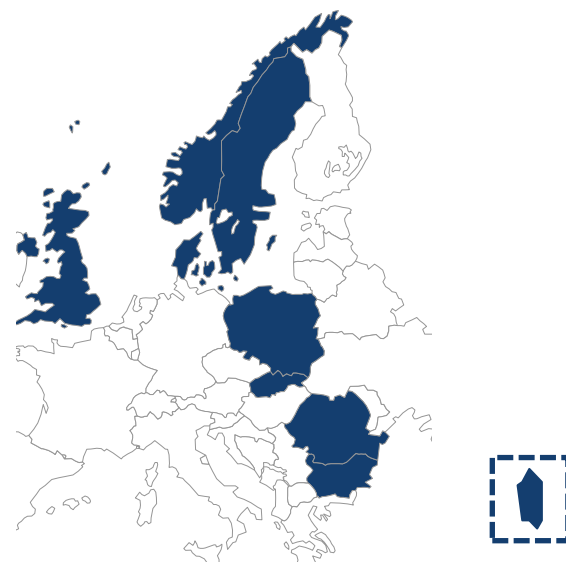

# Statement of Financial Position

FYE 31 Dec (EUR m)		2016	H1 2016	H1 2017
Assets	Non-current assets	801.3	743.3	977.1
	Current assets	1,560.8	1,429.1	1,619.4
	<b>Total assets</b>	<b>2,362.1</b>	<b>2,172.4</b>	<b>2,596.5</b>
Equity & liabilities	Equity <sup>1</sup>	440.9	382.5	537.1
	Non-current liabilities	562.7	542.4	558.7
	Current liabilities	1,358.5	1,247.5	1,500.7
	<b>Total equity and liabilities</b>	<b>2,362.1</b>	<b>2,172.4</b>	<b>2,596.5</b>
Ratios:	Net debt/Net cash ( )	(53.3)	124.0	374.7
	Equity ratio	18.7%	17.6%	20.7%

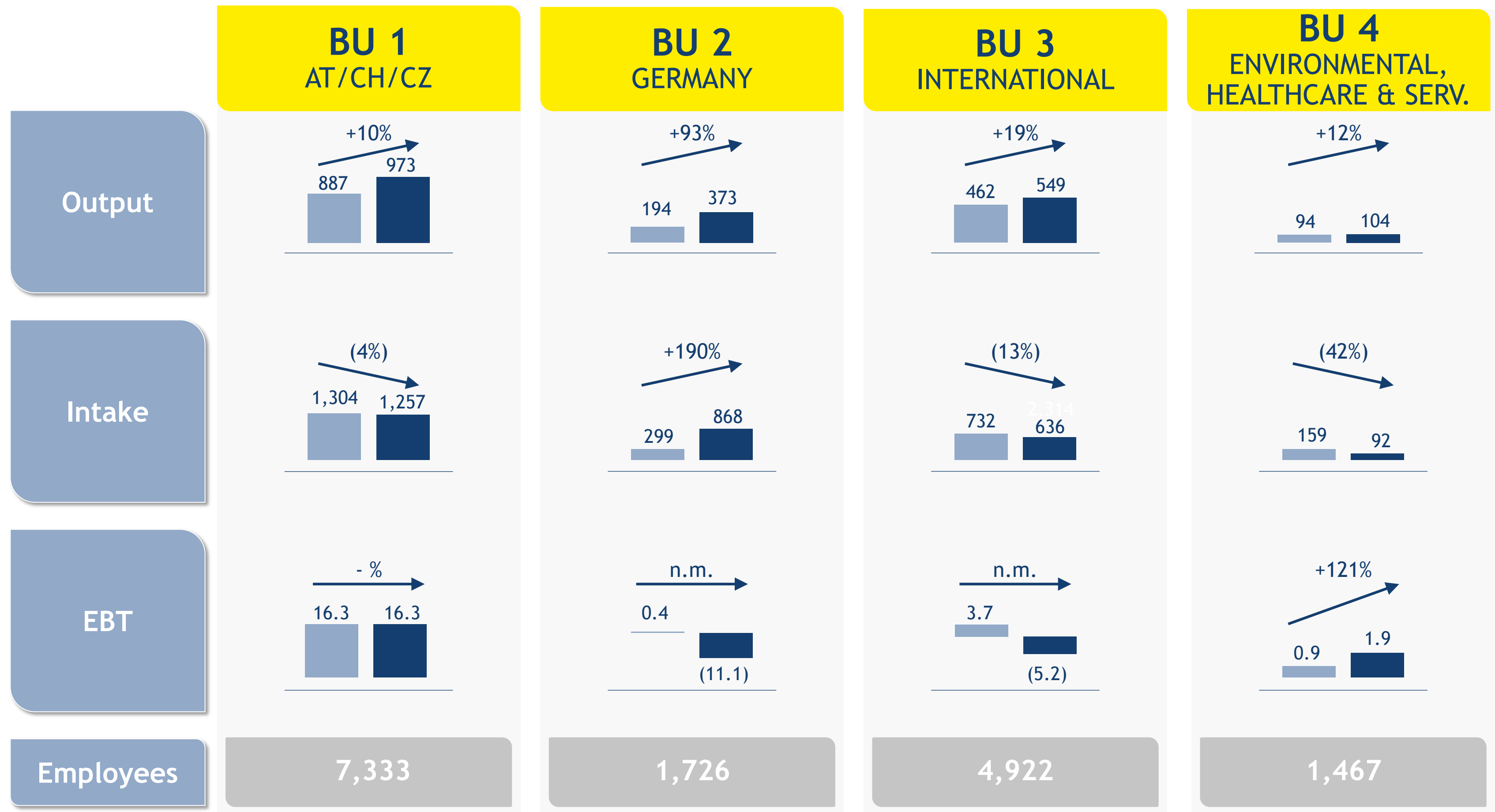
1 Incl. Non-controlling interests, 2 Bonds & SSD plus financial liabilities less cash and cash equivalents



# Business Units (1/2)

	BU 1 AT/CH/CZ	BU 2 GERMANY	BU 3 INTERNATIONAL	BU 4 ENVIRONMENTAL, HEALTHCARE & SERV.
Production <sup>1</sup> (in EUR m)	973 Share: 48%	373 Share: 19%	549 Share: 27%	104 Share: 5%
Description	<ul style="list-style-type: none"> <li>• PORR's largest business unit</li> <li>• Focus on permanent business</li> <li>• Residential, office, industrial and road construction</li> </ul>	<ul style="list-style-type: none"> <li>• PORR's 2<sup>nd</sup> biggest market</li> <li>• Focus on permanent business</li> <li>• Residential, office, industrial and road construction</li> </ul>	<ul style="list-style-type: none"> <li>• PORR's unit for technical leadership</li> <li>• Focus on project business</li> <li>• Especially tunnelling and railway construction</li> </ul>	<ul style="list-style-type: none"> <li>• PORR's unit for promising niches</li> <li>• Focus on project business</li> <li>• Demolition, waste treatment, PPP, recycling, health care, property &amp; facility management</li> </ul>
Regional Focus				

# Business Units (2/2)



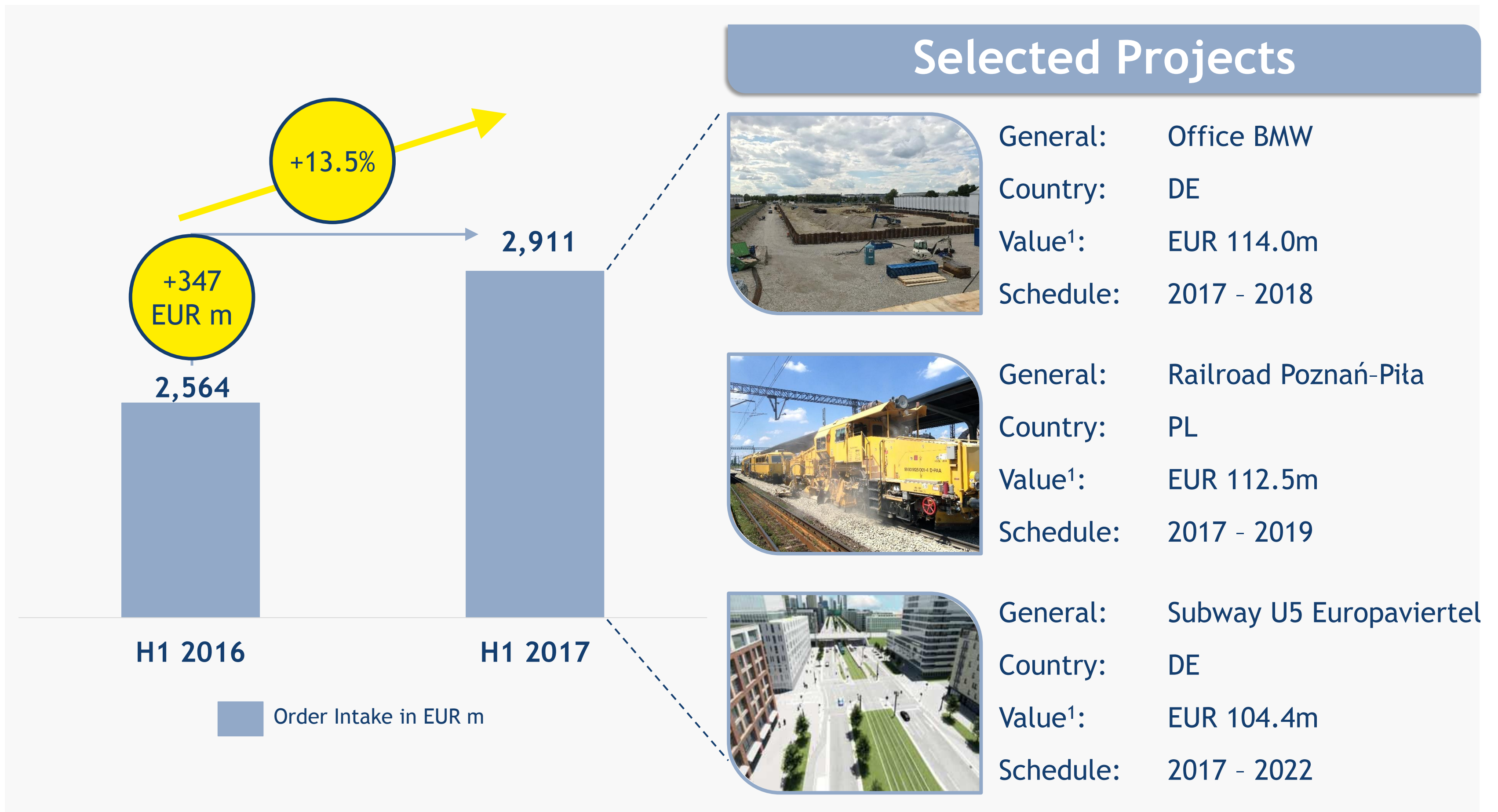
H1 2016 in EUR m  
 H1 2017 in EUR m





**We Have a Clear  
Vision for a Value  
Adding Future  
Development**

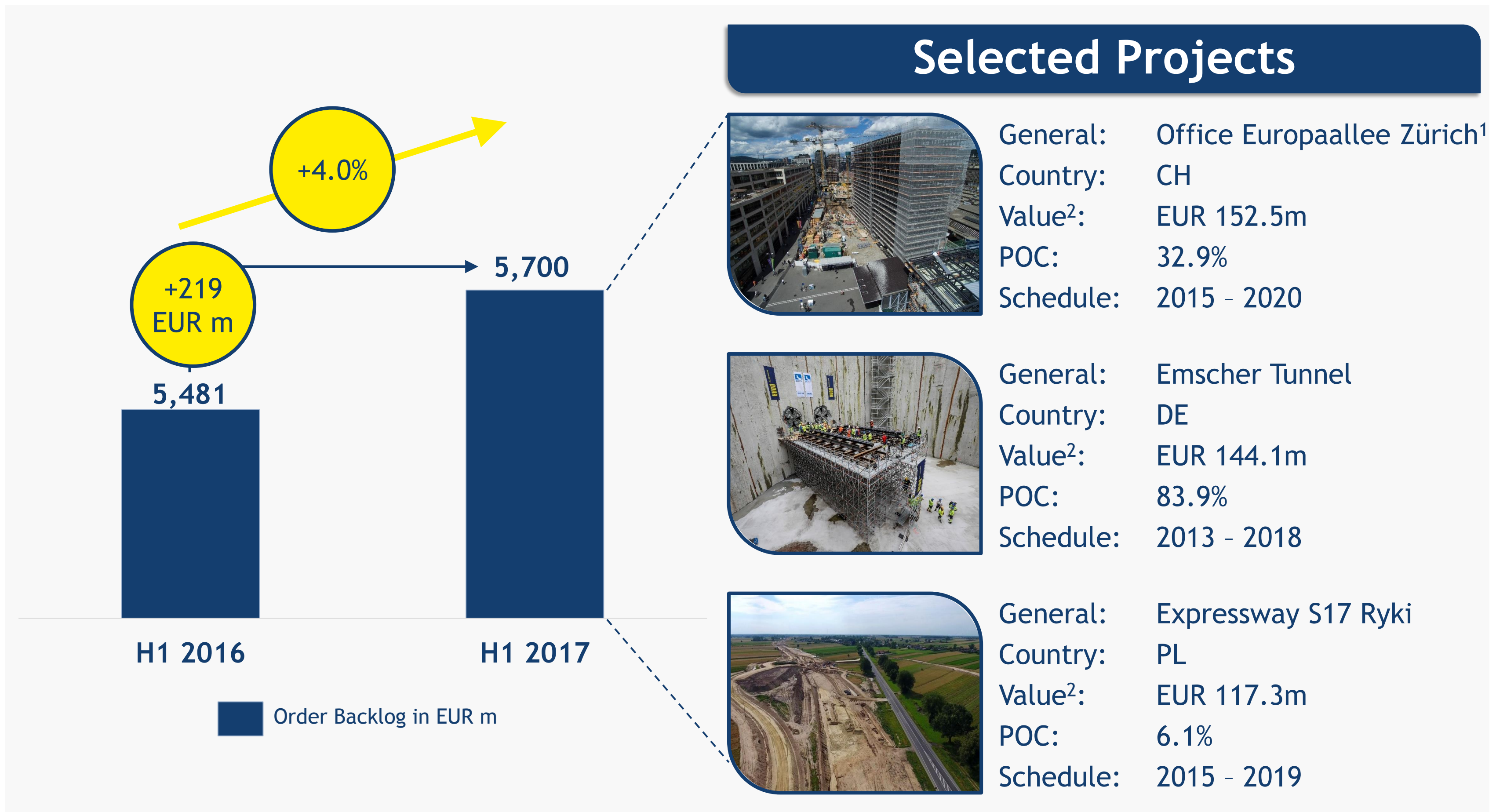
# Clear Evidence of Future Production Growth due to High Order Intake



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

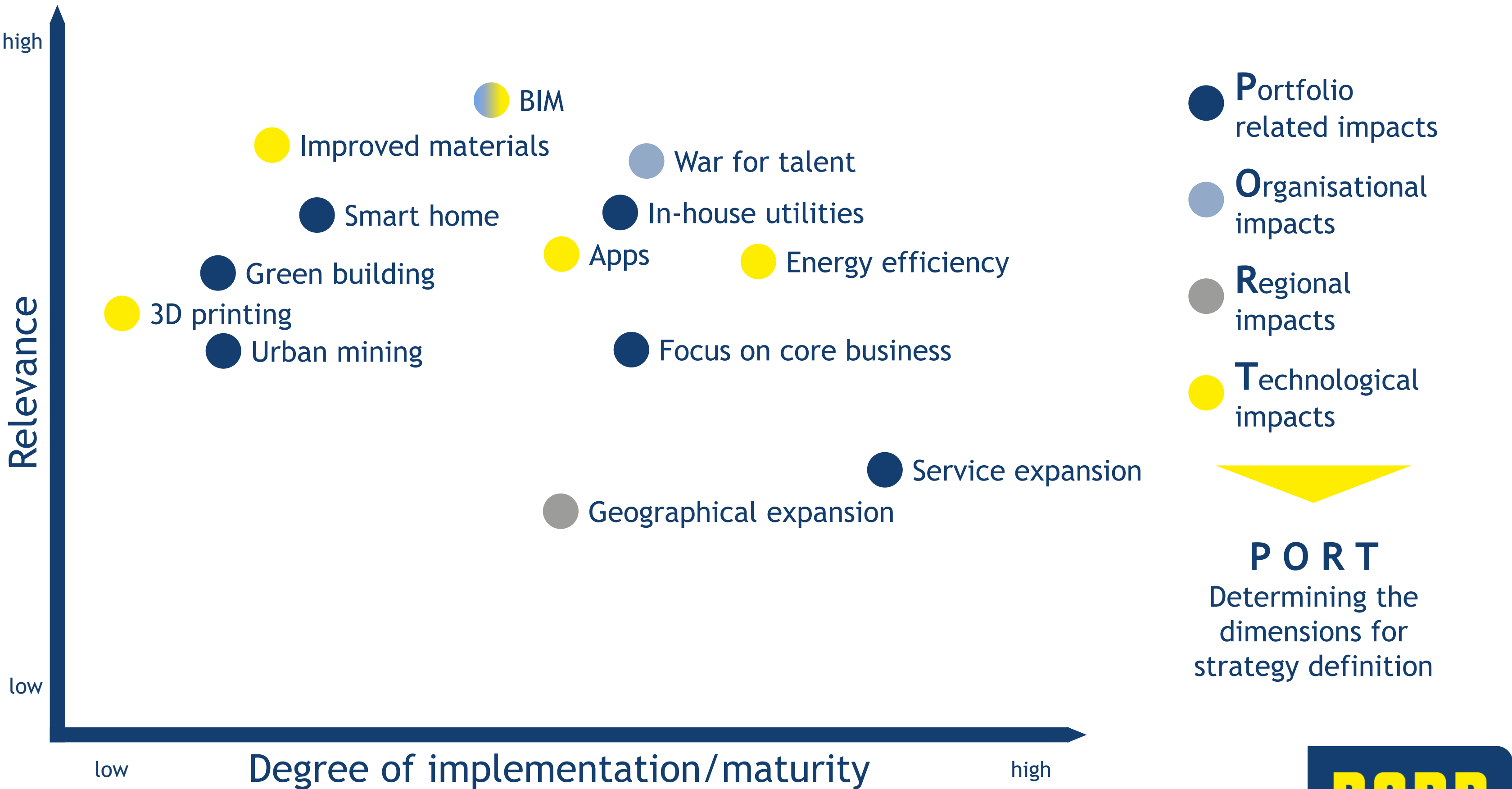


# High Order Backlog Underpins Successful Strategy of Intelligent Growth



<sup>1</sup> Lot 1-4, <sup>2</sup> Stated values are project values attributable to PORR at time of contract award

# Selected Future Trends in Construction



Source: Roland Berger

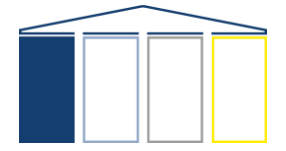




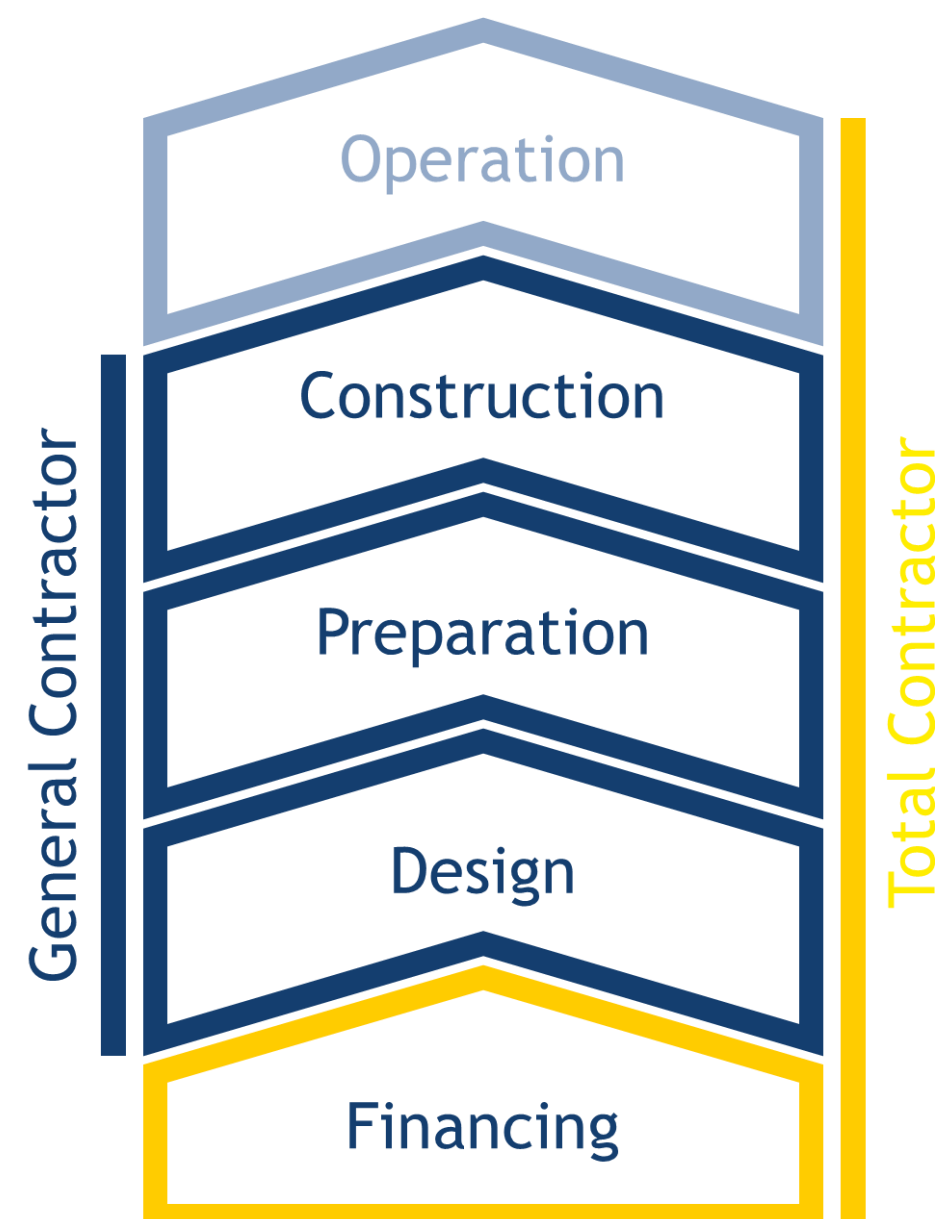
# PORT Framework as Pillars for Our Strategy



# After a Strong External Growth Phase, we Look at Potential Targets even more Selectively



## Portfolio



Targeted acquisitions alongside the core competencies

- to selectively become "total contractor"
- to acquire unique expertise in specific segments
- to maintain a leading position in future business fields/technologies
- to close potential regional gaps in home markets

Bridge Construction



Tunnelling

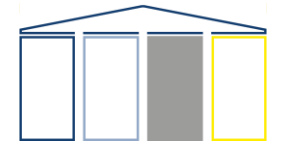


Railway Construction



**PORR**

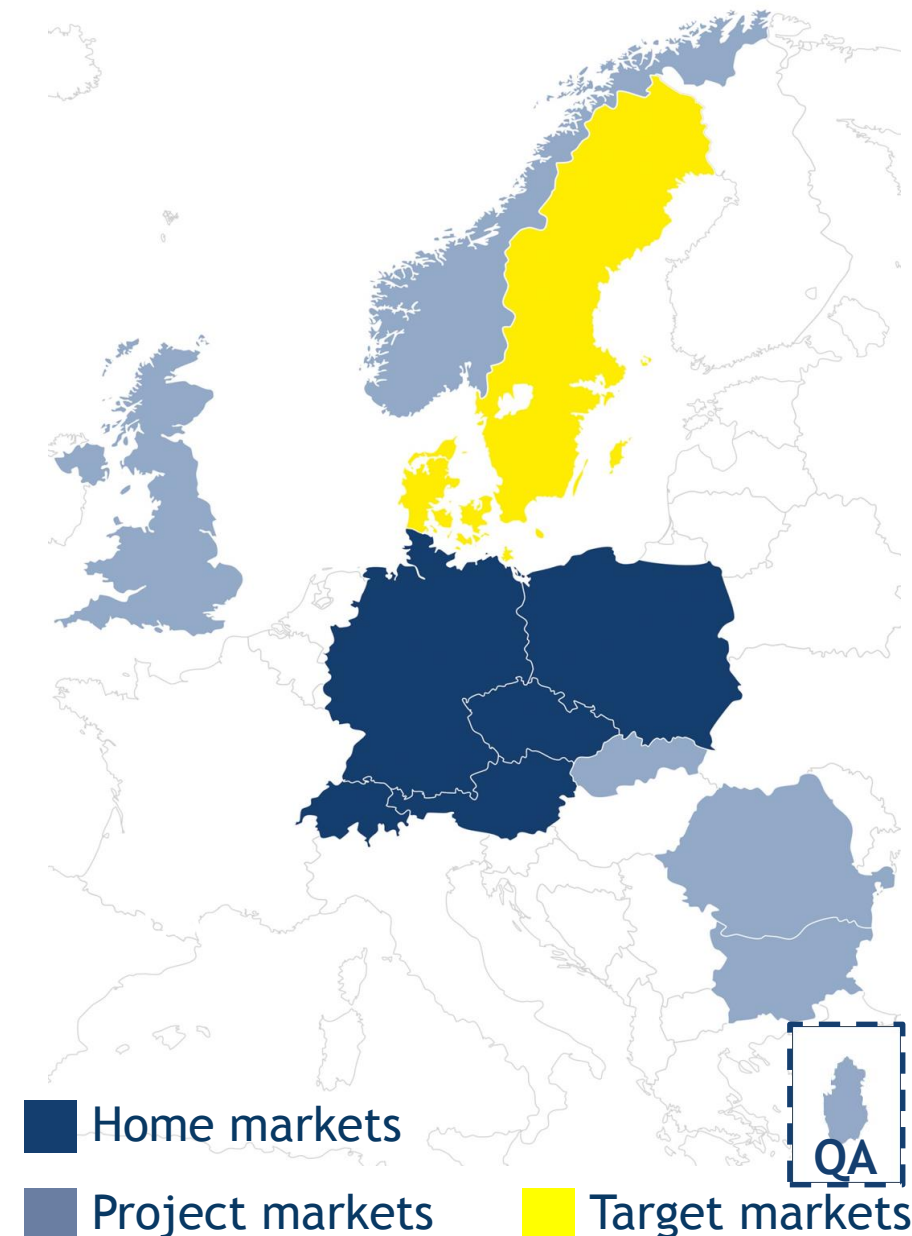
# On the Basis of our Today's Footprint, we will Further Expand our Key Markets



## Regions

### Home Markets:

- Leverage excellent network, market knowledge and client relations
- Permanent market approach from buildings to tunnelling



### Project Markets:

- Focus on infrastructure projects with export knowledge e.g. tunnelling, railway construction
- Cooperation with local partners

### Target Markets:

- Continuous market sounding
- Market entry via promising infrastructure projects (“door openers”)

**PORR**



# To Remain Successful in the War for Talent, we Developed our Best Place to Work - Concept

## WAR FOR TALENT

- Employees and clients require highly flexible organisations
- Demographics lead to a shortage of skilled employees
- Urbanisation results in a local concentration of demand

## OUR ANSWER: BEST PLACE TO WORK - Concept

### Work&Life@PORR

- Flexible models of working hours and leave
- Nursing and health support programs

### Diversity@PORR

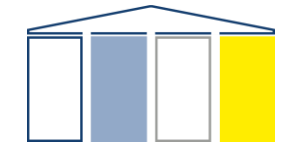
- **Women@PORR:** Promotion of women
- Openness for religious, ethnical and sexual diversity

### PORR Academy

- Attractive trainings for blue-and white-collar workers
- In-house education for international deployments

**PORR**

# Roadmap 2020 as a New Organisational Framework far Beyond BIM



## ORGANISATION



**INTERNAL DIGITALISATION** (e-billing, e-commerce, standardised workflows)

- Utilize key information efficiently
- Reduce administrative workload to focus management on core business

**LEAN CONSTRUCTION** (approach based on automotive “lean production” system)

- Minimize waste of materials, time and effort
- Systematically organise collaboration between all stakeholders

## TECHNOLOGY



**BIM** (Building Information Modelling)

- 5D = 3D + time and cost/quality
- Increase transparency and efficiency along the full construction process

**MACHINE-2-MACHINE** (communication between all of PORR's machinery)

- To ensure highest availability or theft protection

**PORR APPS** (selection)



PORR  
Weather App



PORR Defect  
Radar App

**PORR**

# Key Messages and IR Information

**PORR**



# Key Messages

Our mid to long term strategy will remain unchanged to ensure a **sustainable development** for our shareholders

We are facing **favourable long term market fundamentals** in our key markets

After a period of strong growth and a subsequent integration phase, we are currently **refocusing management resources** on **cost efficiency** and **yield**

We are **ideally positioned** to succeed in the **war for talent**

We have a **clear roadmap** to fulfil the organisational and technological requirements for the **construction company of the future**

The logo for PORR, consisting of the letters "PORR" in a bold, yellow, sans-serif font, set against a dark blue rectangular background.

# IR Information for PORR AG

## Share Information

Share price <sup>1</sup>	EUR 23.20
Market capitalisation	EUR 675.0m
Official market	Vienna Stock Exchange Prime Market
Number of shares outstanding	29,095,000
Ticker symbol	POS VI
ISIN	AT0000609607

## IR Contact

For further information please contact  
the Investor Relations department

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[IR@porr-group.com](mailto:IR@porr-group.com)

## Financial Calendar 2017

30.08.2017	H1 2017
29.11.2017	Q3 2017

## Research Reports

Berenberg Bank - Hold  
Erste Group - Reduce  
Hauck & Aufhäuser - Buy  
HELVEA Baader Bank - Buy  
HSBC - Hold  
Kepler Cheuvreux - Hold  
Raiffeisen Centrobank - Hold  
SRC Research - Buy