

Press release

PORR: Record order backlog provides grounds for confidence

- Top values in production output and order backlog
- Earnings of EUR 37.4m achieved as per guidance
- Non-payment of dividend as precautionary measure and sign of solidarity
- Long-term trend intact - construction industry benefits

Vienna, 27.04.2020 - PORR has concluded its year of consolidation, 2019, with a robust foundation. Stability is ensured by the strong order backlog of more than EUR 7.1 bn. Production output of EUR 5.6 bn remained at the high level of the previous year. Earnings before taxes of EUR 37.4m met the target as amended in November and fell short of the previous year due to one-off impacts. The focus on the home markets increased once again as their share of production output climbed to 94%.

“The past year has left a mark on our construction markets. We are not satisfied with the result and our PORR 2025 transformation programme is enabling us to consistently implement the requisite measures”, said Karl-Heinz Strauss, CEO of PORR. “The economic backdrop will remain challenging in 2020 because of the COVID-19 pandemic. But every crisis is also an opportunity. And we will seize it from a position of strength.”

Record highs in order backlog and output

In 2019 PORR managed to match the record levels of the previous year in terms of both order backlog and production output. PORR generated production output of EUR 5,570m, a slight decline of -0.4% compared to the previous year. However, market share was acquired on most of the key markets. Significant drivers included the growth in Business Unit 2 - Germany (BU 2) and in Business Unit 1 - Austria, Switzerland (BU 1). The decrease in Business Unit 3 - International (BU 3) was mainly caused by the completion of large-scale projects in Qatar.

Totalling EUR 7.1 bn, the order backlog matched the record level of the previous year. The order intake amounted to EUR 5.5 bn and reflects the selective acquisition strategy. PORR is consistently following through on the consolidation process that has already started in order to fill the pipeline with profitable contracts on the home markets and thereby prepare itself for the future. In addition to an array of projects in building construction, PORR acquired new contracts in infrastructure construction in particular. The largest new order in 2019 was won by PORR in Poland with the design-build contract to modernise the LK131 railway line between Kalina and Rusiec Łódzki.

Earnings affected by one-off impacts

EBT stood at EUR 37.4m and was therefore significantly lower than the previous year with a decline of 57.6%. The Group thereby met its amended profit guidance issued in November. The one-off negative impact on earnings from a project in Norway and the high pressure on prices and margins in Poland had an adverse effect on the earnings situation. In contrast, BU 1 continued to be highly profitable and significant progress was made in BU 2.

Dividends

The Supervisory Board and the Executive Board have jointly come to the conclusion that the payment of a dividend is not appropriate in the current situation triggered by the COVID-19 pandemic. The non-payment of the dividend will be proposed to the Annual General Meeting as a precautionary measure in view of the COVID-19 pandemic and as a sign of solidarity towards all stakeholders of PORR. Further measures include the use of short-time working, strict control of all costs and investments, and voluntary cuts in management salaries.

This does not represent a change in the continuous dividend policy of PORR, which usually aims at a payout ratio of 30% to 50%, but instead takes into account the historically unique situation of the COVID-19 pandemic.

The coupon payments on the hybrid instruments issued by PORR remain unaffected.

Stable capital structure

As of 31 December 2019, PORR held total assets of EUR 3,665m. A large part of the increase is due to the first-time application of IFRS 16 (Leases) and the rise in cash and cash equivalents to EUR 582m. Improvements in working capital were also achieved.

As of 31 December 2019, net debt stood at EUR 346m, marking a reduction under the first-time application of IFRS 16 (2018: EUR 349m incl. IFRS 16). Cash flow from operating activities underwent a sharp increase and totalled EUR 250m.

PORR as a leader in climate protection and sustainability

PORR considers responsible corporate management to be the foundation of its economic success. In addition to the stronger focus on sustainability in the supply chain, PORR has also managed to reduce its energy consumption by 7% and GHG emissions by 10% as a result of the comprehensive measures implemented. Numerous awards confirmed the validity of PORR's approach in 2019. For example, PORR was awarded Gold by EcoVadis and received an AA rating from MSCI ESG.

Long-term trend intact

The spread of the coronavirus, especially since the start of March, has caused significant changes in the environment on PORR's home markets. Since that time, any forecast comes with considerable uncertainty. The rapidly changing conditions and the corresponding temporary restrictions on personal, public and economic life are currently having an impact on PORR's business activities. The economic consequences on the profitability of PORR will be closely linked to the duration of the crisis, the impact on economic growth in the affected countries, and the measures introduced by the public sector. PORR is exceptionally well-prepared for this.

At present there is acute uncertainty regarding the actual extent of the coronavirus crisis and the economic implications of the shutdown. 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 remain positive. The main trends include inexorable urbanisation with rising demand for infrastructure and residential properties, economic and social factors, and the issue of digitalisation, which benefits technological trailblazers like PORR. These trends will open up further growth opportunities in the future.

Facts and figures at a glance

Key performance indicators (EUR m)	2019	% Δ	2018
Production output ¹	5,570	-0.4%	5,593
Order backlog	7,065	-0.5%	7,100
Order intake	5,536	-12.5%	6,326
Revenue	4,880.4	-1.6%	4,959.1
EBITDA	222.3	1.3%	219.5
EBT	37.4	-57.6%	88.1
Profit for the period	27.8	-58.0%	66.2
Average staffing levels	19,828	4.3%	19,014
Financial position indicators (EUR m)	31.12.2019	% Δ	31.12.2018
Total assets	3,665	17.7%	3,115
Equity	599	-3.1%	618
Equity ratio	16.4%	-3.5 PP	19.9%
Net debt	346	> 100.0%	150
Key share data (EUR)	2019	% Δ	2018
Earnings per share ²	0.50	-73.6%	1.88
Dividends per share	0.00 ³	-100.0%	1.10

1 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.

2 From the 2019 fiscal year, the interest due on hybrid capital or profit-participation rights is directly allocated to the holders of hybrid capital or profit-participation rights. This leads to a corresponding reduction in the earnings attributable to shareholders and thereby also in the earnings per share. The comparative figures have been adjusted retrospectively.

3 Proposal to the AGM as a result of the joint decision by the Executive Board and Supervisory Board in the Supervisory Board meeting of 23.04.2020.

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. High-resolution images from this year's press conference on the annual results will be available [here](#) from around 11 am (please note the copyright © PORR AG/APA-Fotoservice/Rastegar). The 2019 Annual Report can be downloaded [here](#).



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