

PORR interim report on the 3rd quarter 2020 PORR earnings burdened by COVID effects

- Adjusted order backlog¹ rises to EUR 6.8 bn
- Production output totals EUR 3.8 bn
- Q3 EBT negative at EUR -62.4m
- Positive outlook for 2021

Vienna, 26.11.2020 - Austria's second largest construction group, PORR, with about 20,000 employees, has generated production output of more than EUR 3.8 bn in its 9 countries in the first three quarters of 2020. The COVID pandemic has had a massive impact on PORR's business activities and, in addition to a revaluation of projects, resulted in negative EBT of EUR -62.4m in the first nine months. The adjusted order backlog¹ stood at EUR 6.8 bn and remains at a very high level. Annual earnings are expected to be in the range of EUR -45m to EUR -55m.

Karl-Heinz Strauss, CEO of PORR: "The decline in production output due to direct and indirect consequences of COVID-19, such as defaults and disruptions due to travel restrictions, local lockdowns, subcontractor failures, additional costs that cannot be passed on, increased hygiene and safety measures and project postponements, on the one hand lead to a significant decline in the planned annual result. On the other hand, we have comprehensively reassessed all projects. In particular, corrections have been made in structural engineering Germany, tunnelling and individual projects in almost all countries".

Financial performance and order balance

In the first nine months of 2020, PORR generated production output of EUR 3.8 bn, a decline of 7.4% year-on-year. Austria and Germany remain PORR's most important home markets and account for around 70% of the Group's total output. Revenue showed a lower decrease - resulting from the disproportionately high output decrease for consortiums and projects realised by joint ventures, which are not included in revenue - declining by 4.4% to EUR 3.4 bn. Earnings before taxes totalled EUR -62.4m, reflecting the impacts of COVID as well as the reassessment of projects.

The adjusted order backlog¹ for September 2020 remains at a very high level of EUR 6.8 bn and is of sustainable value. The order intake amounted to EUR 4.0 bn and decreased by 6.9%. The largest new order in the reporting period came from PORR in Germany. In Erlangen, a state-of-the-art production facility for medical technology components will be built for Siemens Healthineers. In addition, PORR's patented Slab Track Austria system will be used on new orders related to the the tunnel projects Stuttgart 21 and Koralm Tunnel.

¹ The order backlog as presented in the interim report on the 3rd quarter totals EUR 7,324m. The adjusted order backlog as of 30 September 2020 stood at EUR 6,815m (30.9.2019: EUR 6,640m), whereby the contract values for the H51 Pfons-Brenner and A1 Leverkusen Bridge projects are no longer included.

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Better balance-sheet structure in 2020 than in 2019

As of 30 September 2020, PORR had total assets of EUR 3.7 bn, representing an increase of 1.5% against year-end 2019. Equity climbed to EUR 650m, whereby the equity ratio increased to 17.5% (31 December 2019: 16.4%).

A significant reduction in net debt has been achieved over the course of the year so far and it reached EUR 434m at the end of the third quarter. Cash and cash equivalents stood at EUR 417m as of 30 September 2020 and were thereby considerably higher than the prior-year level (30 September 2019: EUR 187m).

Positive outlook for 2021

For 2020 the management board expects production output in excess of EUR 5 bn and negative EBT in the range of EUR -45 to EUR -55m. Net debt at the end of 2020 will show a further improvement on the prior-year figure. The equity ratio at year-end 2020 will remain at the same level as in the first half of the year and is therefore significantly higher than in 2019. The solid level of cash provides a stable basis for PORR. With its strong regional footprint, as a technology leader and as a design-build contractor, PORR is very well positioned in its markets.

For 2021, the management board expects production output of approximately EUR 5.3 to 5.5 bn and a positive EBT margin of +1.3 to +1.5%. This outlook is based on the assumption that the negative effects of the pandemic will be overcome. This means that PORR will achieve the targets it announced in spring this year for 2020 one year later.

Future programme PORR 2025

“The future programme PORR 2025 is the largest transformation programme in the history of PORR”, says Karl-Heinz Strauss, CEO of PORR.

PORR 2025 brings a focus on the strengths of PORR in addition to optimising the efficiency of the organisation. Management structures will be streamlined, the business model will be sharpened and the portfolio will be adjusted selectively. The reorganisation in the administrative areas is expected to result in permanent cost savings of EUR 40 to 50m from 2022.

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Facts and figures at a glance

Key performance indicators (EUR m)	1-9/2020	% Δ	1-9/2019
Production output ¹	3,778	-7.4%	4,080
Order backlog ²	7,324	-0.5%	7,358
Order intake	4,037	-6.9%	4,338
Revenue	3,365.9	-4.4%	3,519.8
EBITDA	74.3	-49.1%	146.0
EBT	-62.4	<-100.0%	14.4
Loss for the period	-46.8	<-100.0%	9.8
Average staffing levels	20,068	2.2%	19,644
Financial position indicators (EUR Mio.)	30.9.2020	% Δ	31.12.2019
Total assets	3,721	1.5%	3,665
Equity	650	8,5%	599
Equity ratio	17.5%	1.1 PP	16.4%
Net debt	434	25.6%	346

¹ The production output corresponds to the output of all companies and consortiums (fully consolidated, equity method, proportional or those of minor significance) in line with the interest held by PORR AG.

² When adjusted for the contract values of the projects H51 Pfons-Brenner and A1 Leverkusen Bridge, the order backlog amounts to EUR 6,815m as of 30 September 2020 (30.9.2019: EUR 6,640m).

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 interim report on the 3rd quarter of 2020 can be downloaded [here](#).



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For enquiries, please contact:

Karl-Heinz Strauss

CEO

PORR AG

T +43 50 626-1001

comms@porr-group.com

Andreas Sauer

CFO

PORR AG

T +43 50 626-1007

comms@porr-group.com

Milena loveva

Company Spokesperson

Head of Group Communications, Investor Relations and Sustainability

PORR AG

T +43 50 626-1763

ir@porr-group.com