

26 | August | 2021

■ **Price (Euro)** **15.92**  
52 weeks range 17.46 / 10.70

### ■ Key Data

Country	Austria
Industry	Technology & Construction
ISIN	AT0000609607
WKN	850185
Reuters	ABGV.VI
Bloomberg	POS AV
Internet	www.porr-group.com
Reporting Standard	IFRS
Fiscal Year	31/12
IPO	2001
Number of shares (million)	29.1
Free Float	46.3%
Market Cap (million)	463.2
Free Float Market Cap (million)	214.5
CAGR pre-tax profit ('19 - '23e)	26.7%

Multiples	2020	2021e	2022e	2023e
MarketCap/ Revenues	0.10	0.09	0.09	0.09
PE-Ratio	-7.0	12.6	10.1	8.4
Dividend Yield	0.0%	2.5%	3.8%	5.0%
Price-to-Book ratio	0.7	0.7	0.6	0.6

Key Data per Share (Euro)	2020	2021e	2022e	2023e
Earnings per Share (EPS)	-2.28	1.26	1.58	1.91
Dividends per Share (DPS)	0.00	0.40	0.60	0.80
Book Value per share	22.36	24.43	25.50	26.93

Financial Data (Euro '000)	2020	2021e	2022e	2023e
Revenues	4,651,842	4,930,953	5,073,950	5,200,799
EBITDA	131,438	256,665	264,385	296,224
Operating Profit (EBIT)	-37,209	87,218	92,900	116,572
Pre-tax profit (EBT)	-51,048	69,589	82,140	96,403
Pre-tax margin	-1.0%	1.3%	1.5%	1.7%
Net profit (after minorities)	-65,802	36,395	45,617	55,037
Adjusted Shareholders' Equity	635,985	672,380	706,359	743,940
RoE after tax (adjusted)	-10.3%	5.4%	6.5%	7.4%
Equity Ratio	18.5%	20.1%	20.5%	21.2%

### ■ Financial Calendar

SRC Forum Financials & Real Estate	8 September 2021
9M 2021	29 November 2021

### ■ Main Shareholders

Syndicate (Strauss-group / IGO-Ortner-group)	53.7%
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### ■ Analysts

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## Back to black 1H results are a very solid base for the more important second half of 2021 – Order book remains high – Euro 19.00 target affirmed, rating up to Buy after slight drop in share price

Today, the company released the report for the first half of 2021 and reported some record level numbers, which offer a good basis for the much more important second half of the year. Production output was at Euro 2.5bn up about 10% compared to last year's number and even back on the pre-corona record level of 2019. The output was mainly driven by the Austria/CH segment, which showed a hike of 19% compared to last year and accounted for 53% of total output. Another significant hike came from the Poland segment, reporting a plus of more than 28%. Revenues hiked by almost 11% from Euro almost 2.1bn to almost Euro 2.3bn. The income from at-equity accounted companies added about Euro 28m to the numbers, thus significantly more than the almost Euro 11m last year. Expenses for materials and other related production services as well as staff expenses rose at 9% less than revenues, despite an increase of about 16% in material costs due to price increases in raw materials. All in all, EBITDA rocketed by more than 73% to Euro 114m. With a stable financial result, the firm's pre-tax profit reached Euro 11.5m and thus turned back to black after almost Euro -27m last year and stands even almost 40% on top of the 2019 pre-pandemic level. This translates into an EBT margin of 0.5%. The bottom line came in at Euro 8.6m (1H 2020: Euro -22.7).

The order backlog remained high at Euro 7.85bn and almost at the record level of 1Q of more than Euro 7.9bn. The order intake for the first six months as a driver for the high backlog amounted to almost Euro 3.3bn, more than 8% on top of last year's level. Reflected here is a significant demand for residential projects as well as new infrastructure investments. Included here are also some new projects that fit well into the firm's new strategic initiative "Green and Lean", with which PORR wants to proactively shape the transition to climate neutrality with a lean approach in management and organisational behaviour. Examples of these fitting projects are the subway line U2 in Vienna with a project volume of Euro 240m, and the pumped storage power plant Limberg III project in Kaprun. As the topic of sustainability becomes more and more important, we welcome this initiative by the company.

We see the numbers of the first six months as a successful opening for the second half, which will be much more decisive for the full year numbers. The firm reaffirmed the full year guidance of an output in a range between Euro 5.3bn to Euro 5.5bn, which is supposed to translate into an EBT margin between 1.3% to 1.5%, however noted, that the outlook is dependent on the ongoing settlement with anti-trust authority, where the firm has already build provisions over the course of the recent years. With the developments of the first half, the already visible progress of the PORR 2025 strategic program and the very solid order book, we believe the guidance to be very realistic - with the assumption of sufficient provisions already build - and also stick to our estimates. As the share price has somewhat declined since our last update, we lift our rating from Accumulate to Buy at an upside of almost 20% to our Euro 19.00 target price.

## PORR AG

**Industry:** Construction / Infrastructure  
**Sub-segment:** all kinds of real estate  
**Country:** Austria  
**Headquarter:** Vienna  
**Foundation:** 1869  
**Employees:** 19,808

### IR Contact

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### Management Board of PORR

Ing. Karl-Heinz Strauss, MBA, FRICS (CEO)  
 Dipl.-Kfm. Andreas Sauer (CFO) (until 31 August 2021)  
 Bmst. Ing. Josef Pein (COO)  
 Dipl.-Ing. Jürgen Raschendorfer (COO)

### Supervisory Board of PORR

Dr. Dr. Karl Pistotnik (Chairman)	Dr. Susanne Weiss
Dipl.-Ing. Klaus Ortner (Deputy Chairman)	DI Michael Tomitz
Dr. Thomas Winischhofer, LL.M., MBA	Gottfried Hatzenbichler
Mag. Robert Grüneis	Wolfgang Ringhofer
Dr. Walter Knirsch	Michael Kaincz
DI Iris Ortner, MBA	
Hon.-Prof. Dr. Bernhard Vanas	

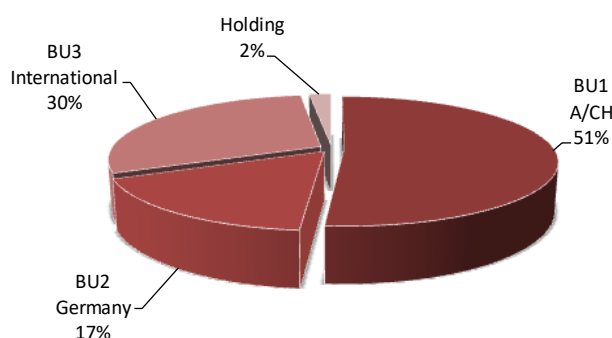
Founded in 1869 as Allgemeine österreichische Baugesellschaft PORR AG is today a full service provider for construction and infrastructure projects with a leading market position in Austria and also a good footprint as one of the leading firms in other important European home markets like Germany, Switzerland, Poland and Czech Republic. Furthermore, there are also some project-specific activities and profitable niches in target markets like UK, Scandinavia and Qatar. From building construction and civil engineering to road and tunnel, as well as slab track construction – the watertight value chain and universal knowhow in every sector of the modern construction industry enables PORR to realise highly complex projects professionally and cost efficiently, without ever losing sight of the individual needs of their customers and principals. Besides Infrastructure there is also another modern and quickly growing focus on environmental engineering (waste management, dumps and sorting plants etc.), which will accelerate future profits outside the classic building construction business. PORR's strategy is to strengthen group's profitability by setting the focus on profitable projects (hurdle rate: 2-3% EBT margin to be reached in by 2025) like large-scale infrastructure business and by a cost cutting and a leaner organization structure to answer the digitalization trend in industry (named PORR 2025).

The year 2020 was significantly coined by the impacts of the global Covid-19 pandemic, which led to, amongst other effects, a temporary shutdown of construction sites in Austria for several months, severely impacting the numbers of the fiscal year. Nevertheless, the year was not wasted as the company reacted quickly and e.g. accelerated to PORR 2025 strategy program and the transformation. Some of these effects will now already become visible in 2021. Furthermore, the order book increased to an all-time high of almost Euro 7.1bn at year-end 2020, despite the adjustments for the projects A1 Leverkusen Bridge and H51 Pfons - Brenner, and even further climbed to almost Euro 8bn at 1H 2021.

After suspending the dividend payment for 2019 as a precautionary measure following the COVID-19 pandemic and as a sign of solidarity towards all stakeholders of the company, no dividend for 2020 will be paid as the results turned deep red. A return to the targeted payout ratio of 30% to 50% is expected for the current year, however.

### Production output Euro 5.2bn at FY 2020

(by business segments)



Source: Company Data, SRC Research

**P & L PORR AG**

31/12 IFRS (Euro '000)	2018	2019	2020	2021e	2022e	2023e	CAGR '19 - '23e
<b>Production output</b>	<b>5,592,914</b>	<b>5,569,781</b>	<b>5,037,915</b>	<b>5,340,190</b>	<b>5,543,117</b>	<b>5,709,411</b>	<b>0.6%</b>
<b>Revenues</b>	<b>4,959,109</b>	<b>4,880,414</b>	<b>4,651,842</b>	<b>4,930,953</b>	<b>5,073,950</b>	<b>5,200,799</b>	<b>1.6%</b>
Own work capitalized in non-current assets	5,186	4,105	3,787	1,052	2,034	2,441	
Share of profit/loss of associates	86,551	87,448	34,036	65,896	64,774	72,589	
Other operating income	183,923	178,733	133,606	155,471	162,473	144,876	
Cost of materials and other related production services	-3,462,635	-3,286,674	-3,117,518	-3,250,013	-3,331,263	-3,396,889	<b>0.8%</b>
Staff expense	-1,178,798	-1,243,180	-1,210,093	-1,225,147	-1,275,441	-1,291,371	<b>1.0%</b>
Other operating expenses	-373,869	-398,530	-364,222	-421,547	-432,142	-436,221	
<b>Operating result (EBITDA)</b>	<b>219,467</b>	<b>222,316</b>	<b>131,438</b>	<b>256,665</b>	<b>264,385</b>	<b>296,224</b>	<b>7.4%</b>
Depreciation, amortisation and impairment expense	-127,143	-167,594	-168,647	-169,447	-171,485	-179,652	<b>1.8%</b>
<b>Operating result (EBIT)</b>	<b>92,324</b>	<b>54,722</b>	<b>-37,209</b>	<b>87,218</b>	<b>92,900</b>	<b>116,572</b>	<b>20.8%</b>
Income from financial investments and other current financial assets	18,466	15,396	12,771	11,056	19,127	11,056	
Finance costs	-22,659	-32,709	-26,610	-28,685	-29,887	-31,225	
<b>Earnings before tax (EBT)</b>	<b>88,131</b>	<b>37,409</b>	<b>-51,048</b>	<b>69,589</b>	<b>82,140</b>	<b>96,403</b>	<b>26.7%</b>
<b>EBT margin</b> (in relation to production output)	<b>1.6%</b>	<b>0.7%</b>	<b>-1.0%</b>	<b>1.3%</b>	<b>1.5%</b>	<b>1.7%</b>	
Income tax expense	-21,936	-9,576	8,681	-17,397	-19,743	-24,101	
<b>Profit/loss for the period</b>	<b>66,195</b>	<b>27,833</b>	<b>-42,367</b>	<b>52,192</b>	<b>62,397</b>	<b>72,302</b>	<b>27.0%</b>
of which attributable to non-controlling interest	805	2,292	5,281	1,583	533	1,583	
<b>Profit/loss for the period attributable to shareholders of the parent and holders of profit-participation rights</b>	<b>65,390</b>	<b>25,541</b>	<b>-47,648</b>	<b>50,609</b>	<b>61,864</b>	<b>70,719</b>	<b>29.0%</b>
of which attributable to holders of profit-participation rights	2,664	11,227	18,154	14,214	16,247	15,682	
<b>Net profit after minorities</b>	<b>62,726</b>	<b>14,314</b>	<b>-65,802</b>	<b>36,395</b>	<b>45,617</b>	<b>55,037</b>	
Diluted/basic earnings per share (EPS)	2.16	0.50	-2.28	1.26	1.58	1.91	
Dividends per share (DPS)	1.10	0.00	0.00	0.40	0.60	0.80	
Number of shares ('000)	29,095	29,095	29,095	29,095	29,095	29,095	
<b>Adjusted Shareholders' Equity</b> without minorities	<b>571,646</b>	<b>587,081</b>	<b>635,985</b>	<b>672,380</b>	<b>706,359</b>	<b>743,940</b>	<b>6.1%</b>
<b>Shareholders' Equity</b> (including minorities and hybrid)	<b>618,234</b>	<b>599,038</b>	<b>650,549</b>	<b>710,857</b>	<b>742,056</b>	<b>783,519</b>	
RoE after Tax	11.2%	2.5%	-10.8%	5.6%	6.6%	7.6%	
Total assets (Euro million)	3,114.7	3,664.9	3,509,463.0	3,544,557.6	3,615,448.8	3,698,604.1	
Equity ratio	19.8%	16.4%	18.5%	20.1%	20.5%	21.2%	
<b>Key ratios &amp; figures</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>	
<b>Growth rates in %</b>							
Revenues	15.5%	-1.6%	-4.7%	6.0%	2.9%	2.5%	
EBITDA	9.4%	1.3%	-40.9%	95.3%	3.0%	12.0%	
EBIT	2.3%	-40.7%	-168.0%	-334.4%	6.5%	25.5%	
EBT	3.3%	-57.6%	-236.5%	-236.3%	18.0%	17.4%	
Net profit after minorities	3.9%	-58.0%	-252.2%	-223.2%	19.6%	15.9%	
<b>Margins in % (based on production output)</b>							
EBITDA margin	3.9%	4.0%	2.6%	4.8%	4.8%	5.2%	
EBIT margin	1.7%	1.0%	-0.7%	1.6%	1.7%	2.0%	
EBT margin	1.6%	0.7%	-1.0%	1.3%	1.5%	1.7%	
Net profit margin	1.2%	0.5%	-0.8%	1.0%	1.1%	1.3%	
<b>Expense ratios in %</b>							
Personnel costs to sales	23.8%	25.5%	26.0%	24.8%	25.1%	24.8%	
Cost of material to sales	69.8%	67.3%	67.0%	65.9%	65.7%	65.3%	
Depreciation to sales	2.6%	3.4%	3.6%	3.4%	3.4%	3.5%	
Tax rate	-24.9%	-25.6%	-17.0%	-25.0%	-24.0%	-25.0%	
<b>Profitability in %</b>							
Gross profit margin	30.2%	32.7%	33.0%	34.1%	34.3%	34.7%	
Return on adjusted shareholders equity (ROE)	11.0%	2.4%	-10.3%	5.4%	6.5%	7.4%	
Return on investment (ROI)	3.3%	1.9%	0.0%	0.0%	0.0%	0.0%	
<b>Balance sheet key figures</b>							
Net debt (-)/ net cash (+)	-150,184	-345,689	-136,691	-116,187	-98,759	-83,945	
Book value	21.2	20.6	22.4	24.4	25.5	26.9	
Equity ratio	19.8%	16.4%	18.5%	20.1%	20.5%	21.2%	
<b>Data per share</b>							
Number of shares in ('000)	29,095	29,095	29,095	29,095	29,095	29,095	
Earnings per share (EPS)	2.16	0.50	-2.28	1.26	1.58	1.91	
Dividend per share (DPS)	1.10	0.00	0.00	0.40	0.60	0.80	

Source: Company data, SRC Research estimates

**SRC Research****- The Specialist for Financial and Real Estate Stocks -**

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Rating Chronicle	Date	Rating	Former Price	Former Target
PORR	26 May 2021	Accumulate	17.12 €	19.00 €
PORR	27 April 2021	Buy	14.96 €	18.00 €
PORR	18 November 2020	Buy	13.08 €	16.00 €
PORR	27 August 2020	Buy	12.36 €	19.00 €
PORR	28 May 2020	Buy	14.50 €	19.00 €
PORR	29 April 2020	Buy	14.50 €	19.00 €
PORR	10 March 2020	Buy	13.84 €	20.00 €
PORR	25 November 2019	Buy	18.70 €	25.00 €
PORR	29 August 2019	Buy	19.10 €	33.00 €
PORR	28 May 2019	Buy	22.25 €	33.00 €

**Please note:**

The PORR share price mentioned in this report is from 25 August 2021. PORR AG mandated SRC Research for covering the PORR share.

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