

| | |
|---------------------|--------------|
| Price (Euro) | 11.76 |
| 52 weeks range | 16.64 / 9.75 |

| | |
|----------------------------------|---------------------------|
| 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) | 39.3 |
| Free Float | 46.3% |
| Market Cap (million) | 461.9 |
| Free Float Market Cap (million) | 213.9 |
| CAGR pre-tax profit ('19 - '23e) | 14.9% |

| | | | | |
|----------------------------|-------------|--------------|--------------|--------------|
| Multiples | 2021 | 2022e | 2023e | 2024e |
| MarketCap/ Revenues | 0.09 | 0.09 | 0.09 | 0.08 |
| PE-Ratio | 10.0 | 6.6 | 5.4 | 4.7 |
| Dividend Yield | 4.3% | 5.5% | 6.8% | 9.4% |
| Price-to-Book ratio | 0.4 | 0.5 | 0.5 | 0.5 |

| | | | | |
|----------------------------------|--------------|--------------|--------------|--------------|
| Key Data per Share (Euro) | 2021 | 2022e | 2023e | 2024e |
| Earnings per Share (EPS) | 1.18 | 1.77 | 2.19 | 2.48 |
| Dividends per Share (DPS) | 0.50 | 0.65 | 0.80 | 1.10 |
| Book Value per share | 26.77 | 22.16 | 23.54 | 25.21 |

| | | | | |
|--------------------------------------|------------------|------------------|------------------|------------------|
| Financial Data (Euro '000) | 2021 | 2022e | 2023e | 2024e |
| Revenues | 5,169,831 | 5,231,869 | 5,362,666 | 5,497,269 |
| EBITDA | 287,542 | 303,417 | 346,161 | 373,679 |
| Operating Profit (EBIT) | 95,219 | 109,830 | 147,498 | 172,325 |
| Pre-tax profit (EBT) | 85,361 | 105,736 | 133,440 | 148,950 |
| Pre-tax margin | 1.5% | 1.8% | 2.2% | 2.4% |
| Net profit (after minorities) | 35,934 | 69,213 | 85,484 | 96,941 |
| Adjusted Shareholders' Equity | 790,541 | 844,358 | 904,312 | 969,831 |
| RoE after tax (adjusted) | 4.5% | 8.2% | 9.5% | 10.0% |
| Equity Ratio | 20.3% | 21.0% | 21.8% | 22.9% |

| | |
|------------------------------------|-------------------|
| Financial Calendar | |
| 1Q 2022 report | 30 May 2022 |
| AGM | 17 June 2022 |
| 1H 2022 report | 30 August 2022 |
| SRC Forum Financials & Real Estate | 13 September 2022 |

| | |
|--|-------|
| Main Shareholders | |
| Syndicate (Strauss-group / IGO-Ortner-group) | 50.4% |

| | |
|-----------------|---|
| Analysts | Dipl.-Kfm. Stefan Scharff, CREA Christopher Mehl, MBA, CFA |
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2021 numbers on top of our estimates and guidance – profit numbers turn back to black – Order book at new record level – improved balance sheet gives more security – Buy and Euro 17.50 target affirmed

Today, the company released the 2021 annual report and reported numbers that were above the firm's guidance and also on top of our estimates. Production output reached a new record level at Euro 5.73bn, up 10.5% from last year's number of Euro 4.65bn, and was significantly on top of the firm's guidance and our estimate. This was mainly driven by the growth in German industrial construction, tunnelling and Polish industrial construction, as well as by one-offs in the previous year from the pandemic. Revenues for the period amounted to Euro 5.17bn, a plus of more than 11% and also a record level. Income from companies accounted at-equity stood at Euro 62.1m and were up more than 82% year over year. Other operating income hiked by more than 33% from Euro 134m to Euro 178m, while other operating expenses significantly hiked from Euro 364m to Euro 403m, as here the provisions from the antitrust settlement in an amount of Euro 30m are included. Cost of materials and other related production services rose by about 11%, in line with revenues, and came in at Euro 3.45bn. All in all, EBIT turned back to black and improved from Euro -37m last year to Euro 95m in 2021. The financial result benefited from the optimized financing structure as finance costs came down from Euro 26.6m to Euro 22.1m. Thus, the firm's EBT stood at Euro 85.4m compared to last year's Euro -51m and was also on top of our estimate of Euro 71m. This translates into an EBT margin of 1.5%, which was at the top end of the guided margin range. The bottom line after minorities came in at Euro 36m (FY 2020: Euro -66m). This translates into earnings per share of Euro 1.18. After suspending the dividend payment for two years due to Corona and the deep red numbers last year, the management will propose a dividend of 50 cents per share at the AGM in June. Our estimate was at only 40 cents. Looking at the order book, the backlog increased year-over-year by about 10% and reached a new high as well at Euro 7.76bn at FY2021. Order intake hiked by about 9% and stood at more than Euro 6.4bn. The balance sheet clearly improved in 2021 and benefited from the capital hike in 4Q. The equity ratio climbed from 18.5% to 20.3% and returned to the target range of 20% to 25%. Furthermore, PORR returned to a net cash position of Euro 65m at year-end compared to a net debt position in the previous years. The improved balance sheet gives the firm more stability and leeway, which is especially important in turbulent times as at present.

The firm delivered a good year and managed to beat our estimates and the own guidance. For the current year, the management did not give a guidance, as the market conditions are volatile and the uncertainties are high, and we cannot blame them for being cautious here for the moment. It needs to be seen how the prices for raw materials will develop over the coming months and if there will be any impacts from supply chain constraints. The firm however stated, that the impact of price increases should not weight too heavy, as the prices are hedged and the contracts allow for indexing or are variable. We also decided to remain on the conservative side for the time being and only expect a slight increase in production output and EBT margin improvement. Furthermore, while the numbers were above our expectations and we in turn also lifted our numbers for the coming years, and the valuation would have benefited from the new basis year, we decided to stick to our Euro 17.50 target price due to the increased risk factors at present. At an upside of almost 50%, we confirm our Buy rating for the PORR share.



PORR AG

Industry: Construction / Infrastructure
Sub-segment: all kinds of real estate
Country: Austria
Headquarter: Vienna
Foundation: 1869
Employees: 20,177

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Management Board of PORR

Ing. Karl-Heinz Strauss, MBA, FRICS (CEO)
 WP/StB Mag. Klemens Eiter (CFO)
 Bmst. Ing. Josef Pein (COO)
 Dipl.-Ing. Jürgen Raschendorfer (COO)

Supervisory Board of PORR

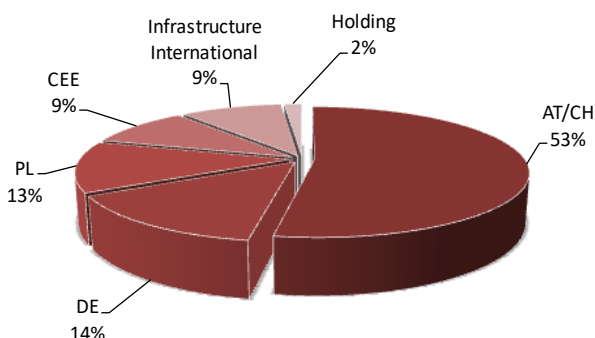
| | |
|---|-------------------------|
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| DI Iris Ortner, MBA | |
| Hon.-Prof. Dr. Bernhard Vanas | |

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: ~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 became visible in 2021, which represents a record level year in terms of production output and also delivered a strong EBT on top of the firm's guidance. Furthermore, the order book increased to an all-time high of almost Euro 7.8bn at year-end 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 was paid for 2020 as well, as the results turned deep red. For 2021, the management will propose a dividend of 50 cents per share, which is on top of our estimate and within the targeted payout ratio of 30% to 50%.

Production output Euro 5.73bn at FY 2021
 (by business segments)



Source: Company Data, SRC Research

| P & L PORR AG | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| 31/12 IFRS (Euro '000) | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e |
| Production output | 5,569,781 | 5,037,915 | 5,727,323 | 5,813,233 | 5,981,817 | 6,161,271 |
| Revenues | 4,880,414 | 4,651,842 | 5,169,831 | 5,231,869 | 5,362,666 | 5,497,269 |
| Own work capitalized in non-current assets | 4,105 | 3,787 | 2,875 | 2,034 | 2,441 | 2,848 |
| Share of profit/loss of associates | 87,448 | 34,036 | 62,124 | 64,774 | 72,589 | 80,404 |
| Other operating income | 178,733 | 133,606 | 178,090 | 168,741 | 144,876 | 153,442 |
| Cost of materials and other related production services | -3,286,674 | -3,117,518 | -3,446,627 | -3,487,987 | -3,536,818 | -3,625,239 |
| Staff expense | -1,243,180 | -1,210,093 | -1,275,817 | -1,284,441 | -1,301,371 | -1,318,301 |
| Other operating expenses | -398,530 | -364,222 | -402,934 | -391,574 | -398,221 | -416,744 |
| Operating result (EBITDA) | 222,316 | 131,438 | 287,542 | 303,417 | 346,161 | 373,679 |
| Depreciation, amortisation and impairment expense | -167,594 | -168,647 | -192,323 | -193,587 | -198,663 | -201,354 |
| Operating result (EBIT) | 54,722 | -37,209 | 95,219 | 109,830 | 147,498 | 172,325 |
| Income from financial investments and other current financial assets | 15,396 | 12,771 | 12,284 | 19,127 | 11,056 | 2,985 |
| Finance costs | -32,709 | -26,610 | -22,142 | -23,221 | -25,114 | -26,360 |
| Earnings before tax (EBT) | 37,409 | -51,048 | 85,361 | 105,736 | 133,440 | 148,950 |
| EBT margin (in relation to production output) | 0.7% | -1.0% | 1.5% | 1.8% | 2.2% | 2.4% |
| Income tax expense | -9,576 | 8,681 | -23,953 | -19,743 | -30,691 | -34,258 |
| Profit/loss for the period | 27,833 | -42,367 | 61,408 | 85,993 | 102,749 | 114,691 |
| of which attributable to non-controlling interest | 2,292 | 5,281 | 7,688 | 533 | 1,583 | 2,633 |
| Profit/loss for the period attributable to shareholders of the parent and holders of profit-participation rights | 25,541 | -47,648 | 53,720 | 85,460 | 101,166 | 112,058 |
| of which attributable to holders of profit-participation rights | 11,227 | 18,154 | 17,786 | 16,247 | 15,682 | 15,117 |
| Net profit after minorities | 14,314 | -65,802 | 35,934 | 69,213 | 85,484 | 96,941 |
| Diluted/basic earnings per share (EPS) | 0.50 | -2.28 | 1.18 | 1.77 | 2.19 | 2.48 |
| Dividends per share (DPS) | 0.00 | 0.00 | 0.50 | 0.65 | 0.80 | 1.10 |
| Number of shares ('000) | 29,095 | 29,095 | 30,792 | 39,278 | 39,278 | 39,279 |
| Adjusted Shareholders' Equity without minorities | 587,081 | 635,985 | 790,541 | 844,358 | 904,312 | 969,831 |
| Shareholders' Equity (including minorities and hybrid) | 599,038 | 650,549 | 824,410 | 870,345 | 924,759 | 990,145 |
| RoE after Tax | 2.5% | -10.8% | 5.0% | 8.5% | 9.8% | 10.3% |
| Total assets (Euro million) | 3,664.9 | 3,509,463.0 | 4,065,002.0 | 4,146,302.0 | 4,241,667.0 | 4,326,500.3 |
| Equity ratio | 16.4% | 18.5% | 20.3% | 21.0% | 21.8% | 22.9% |
| Key ratios & figures | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e |
| Growth rates in % | | | | | | |
| Revenues | -1.6% | -4.7% | 11.1% | 1.2% | 2.5% | 2.5% |
| EBITDA | 1.3% | -40.9% | 118.8% | 5.5% | 14.1% | 7.9% |
| EBIT | -40.7% | -168.0% | -355.9% | 15.3% | 34.3% | 16.8% |
| EBT | -57.6% | -236.5% | -267.2% | 23.9% | 26.2% | 11.6% |
| Net profit after minorities | -58.0% | -252.2% | -244.9% | 40.0% | 19.5% | 11.6% |
| Margins in % (based on production output) | | | | | | |
| EBITDA margin | 4.0% | 2.6% | 5.0% | 5.2% | 5.8% | 6.1% |
| EBIT margin | 1.0% | -0.7% | 1.7% | 1.9% | 2.5% | 2.8% |
| EBT margin | 0.7% | -1.0% | 1.5% | 1.8% | 2.2% | 2.4% |
| Net profit margin | 0.5% | -0.8% | 1.1% | 1.5% | 1.7% | 1.9% |
| Expense ratios in % | | | | | | |
| Personnel costs to sales | 25.5% | 26.0% | 24.7% | 24.6% | 24.3% | 24.0% |
| Cost of material to sales | 67.3% | 67.0% | 66.7% | 66.7% | 66.0% | 65.9% |
| Depreciation to sales | 3.4% | 3.6% | 3.7% | 3.7% | 3.7% | 3.7% |
| Tax rate | -25.6% | -17.0% | -28.1% | -18.7% | -23.0% | -23.0% |
| Profitability in % | | | | | | |
| Gross profit margin | 32.7% | 33.0% | 33.3% | 33.3% | 34.0% | 34.1% |
| Return on adjusted shareholders equity (ROE) | 2.4% | -10.3% | 4.5% | 8.2% | 9.5% | 10.0% |
| Return on investment (ROI) | 1.9% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Balance sheet key figures | | | | | | |
| Net debt (-)/ net cash (+) | -345,689 | -136,691 | 65,322 | 55,524 | 47,195 | 40,116 |
| Book value | 20.6 | 22.4 | 26.8 | 22.2 | 23.5 | 25.2 |
| Equity ratio | 16.4% | 18.5% | 20.3% | 21.0% | 21.8% | 22.9% |
| Data per share | | | | | | |
| Number of shares in ('000) | 29,095 | 29,095 | 30,792 | 39,278 | 39,278 | 39,279 |
| Earnings per share (EPS) | 0.50 | -2.28 | 1.18 | 1.77 | 2.19 | 2.48 |
| Dividend per share (DPS) | 0.00 | 0.00 | 0.50 | 0.65 | 0.80 | 1.10 |

SRC Research

- The Specialist for Financial and Real Estate Stocks -

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| Rating Chronicle | Date | Rating | Former Price | Former Target |
|------------------|------------------|------------|--------------|---------------|
| PORR | 29 November 2021 | Buy | 11,80 € | 17,50 € |
| PORR | 15 October 2021 | Accumulate | 15,98 € | 17,50 € |
| PORR | 06 October 2021 | Buy | 15,86 € | 19,00 € |
| PORR | 26 August 2021 | Buy | 15,92 € | 19,00 € |
| 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 € |

Please note:

The PORR share price mentioned in this report is from 27 April 2022. PORR AG mandated SRC Research for covering the PORR share.

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