

26 | May | 2021

■ **Price (Euro)** **17.12**
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)	498.1
Free Float Market Cap (million)	230.6
CAGR pre-tax profit ('19 - '23e)	26.7%

	2020	2021e	2022e	2023e
■ Multiples				
MarketCap/ Revenues	0.11	0.10	0.10	0.10
PE-Ratio	-7.5	13.6	10.8	9.0
Dividend Yield	0.0%	2.3%	3.5%	4.7%
Price-to-Book ratio	0.8	0.7	0.7	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**

AGM	27 May 2021
1H 2021	26 August 2021
SRC Forum Financials & Real Estate	8 September 2021

■ **Main Shareholders**

Syndicate (Strauss-group / IGO-Ortner-group)	53.7%
--	-------

■ **Analysts**

Dipl.-Kfm. Stefan Scharff, CREA
Christopher Mehl, MBA, CFA

E-Mail scharff@src-research.de
mehl@src-research.de

Internet www.src-research.de
www.aktienmarkt-international.de
www.aktienmarkt-international.at

1Q on track with +6% in production output and an improved EBT picture – Order book at record level of almost Euro 8bn – Target up to 19 Euros, rating down to Accumulate after surge in share price

Today, the company released the report for the first quarter of 2021. The numbers were in line with our estimates and on track to reach the firm's full-year guidance, which was reaffirmed today as well. Production output was at Euro 1bn more than 6% on top of last year's number of Euro 942m and was mainly driven by the Austrian market, where last year's number showed first shutdown effects, as well as by some large infrastructure projects in Poland. Revenues were up more than 6% as well, from Euro 912m to Euro 968m. The share of at-equity accounted companies came in at Euro 10m compared to last year's number of Euro -1.2m. The firm's pre-tax result all in all was at Euro -9.4. While the negative number is typical and reflects the seasonality of the construction business, the result was significantly better than last year's number of Euro -25.5m and was even somewhat on top of the pre-corona level of 2019 at Euro -11.8m. This is also the result of the first positive impacts from the PORR 2025 strategic program, which according to the firm accounted for some savings the first quarter. The bottom line stood at Euro -7.2m.

The order book reached another record level at the end of the first quarter. The order backlog increased to more than Euro 7.9bn, a plus of more than 21% compared to last year's level and up more than 12% since year-end. This was driven by a high level of order intake in the first three months of Euro 1.85bn (1Q 2020: Euro 1.15bn). Reflected here is a significant demand for residential projects as well as first new infrastructure investments. The top order intakes of the first quarter include the subway line U2 in Vienna with a project volume of Euro 240m, the S 19 expressway in Poland with a volume of Euro 95m and the residential building Schützengarten in Dresden with a volume of Euro 85m.

The balance sheet remained solid with a seasonal hike compared to FY 2020 in net debt to Euro 306m, which is however more than 40% below last year's number and an equity ratio of 18.0%, which slightly came down following the loss of the first quarter, but is expected to come back up in the following quarters.

The management has reaffirmed the outlook for the full year 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% and we also feel comfortable with our current estimates. The record level order backlog is a good sign for the coming years and makes us even more optimistic, that our estimates for the coming years will be met by the company. Furthermore, the overall improvement of the Covid-19 situation and the loosening of restrictions are another general risk factor that has been reduced in the recent weeks. These two factors allow us to draw a more confident picture for the coming quarters and years, which is why we decided to lift our target price slightly from Euro 18.00 to Euro 19.00. As the share has gained almost 15% since our last update on 27 April, we reduce our rating from Buy to Accumulate.

PORR AG

Industry: Construction / Infrastructure
Sub-segment: all kinds of real estate
Country: Austria
Headquarter: Vienna
Foundation: 1869
Employees: 20,193

IR Contact

Mag. Milena loveva
 Mail: ir@porr-group.at
 Phone: +43 (0) 50 626 1763

Management Board of PORR

Ing. Karl-Heinz Strauss, MBA, FRICS (CEO)
 Dipl.-Kfm. Andreas Sauer (CFO)
 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	

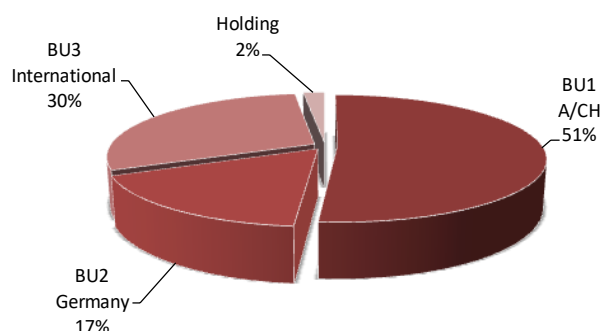
Founded in 1869 as Allgemeine österreichische Baugesellschaft PORR AG is today a full service provider for construction and infrastructure projects with a leading market position in Austria and also a good footprint as one of the leading firms in other important European home markets like Germany, Switzerland, 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 business unit that has a 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 1Q 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
Production output	5,592,914	5,569,781	5,037,915	5,340,190	5,543,117	5,709,411	0.6%
Revenues	4,959,109	4,880,414	4,651,842	4,930,953	5,073,950	5,200,799	1.6%
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	0.8%
Staff expense	-1,178,798	-1,243,180	-1,210,093	-1,225,147	-1,275,441	-1,291,371	1.0%
Other operating expenses	-373,869	-398,530	-364,222	-421,547	-432,142	-436,221	
Operating result (EBITDA)	219,467	222,316	131,438	256,665	264,385	296,224	7.4%
Depreciation, amortisation and impairment expense	-127,143	-167,594	-168,647	-169,447	-171,485	-179,652	1.8%
Operating result (EBIT)	92,324	54,722	-37,209	87,218	92,900	116,572	20.8%
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	
Earnings before tax (EBT)	88,131	37,409	-51,048	69,589	82,140	96,403	26.7%
EBT margin (in relation to production output)	1.6%	0.7%	-1.0%	1.3%	1.5%	1.7%	
Income tax expense	-21,936	-9,576	8,681	-17,397	-19,743	-24,101	
Profit/loss for the period	66,195	27,833	-42,367	52,192	62,397	72,302	27.0%
of which attributable to non-controlling interest	805	2,292	5,281	1,583	533	1,583	
Profit/loss for the period attributable to shareholders of the parent and holders of profit-participation rights	65,390	25,541	-47,648	50,609	61,864	70,719	29.0%
of which attributable to holders of profit-participation rights	2,664	11,227	18,154	14,214	16,247	15,682	
Net profit after minorities	62,726	14,314	-65,802	36,395	45,617	55,037	
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	
Adjusted Shareholders' Equity without minorities	571,646	587,081	635,985	672,380	706,359	743,940	6.1%
Shareholders' Equity (including minorities and hybrid)	618,234	599,038	650,549	710,857	742,056	783,519	
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%	
Key ratios & figures	2018	2019	2020	2021e	2022e	2023e	
Growth rates in %							
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%	
Margins in % (based on production output)							
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%	
Expense ratios in %							
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%	
Profitability in %							
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%	
Balance sheet key figures							
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%	
Data per share							
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 -**

SRC - Scharff Research und Consulting GmbH

Klingerstr. 23

D-60313 Frankfurt

Germany

Fon: +49 (0)69/ 400 313-80

Mail: scharff@src-research.de

Internet: www.src-research.de

Rating Chronicle	Date	Rating	Former Price	Former Target
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 €
PORR	30 April 2019	Buy	23.65 €	33.00 €

Please note:

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

Disclaimer © 2021: This equity research report is published by: SRC-Scharff Research und Consulting GmbH, Klingerstr. 23, D-60313 Frankfurt, Germany (short name: SRC Research). All rights reserved.

Although we feel sure that all information in this SRC report originates from carefully selected sources with high credibility, we cannot give any guarantee for accuracy, trueness and completeness. All opinions quoted in this report give the current judgement of the author which is not necessarily the same opinion as SRC-Scharff Research und Consulting GmbH or another staff member. All the opinions and assessment made in this report may be changed without prior notice. Within the scope of German regulative framework the author and SRC-Scharff Research und Consulting GmbH do not assume any liability for this document or its content being used. This report is solely for information purposes and does not constitute a request or an invitation or a recommendation to buy or sell any stock that is mentioned here. Private clients should obtain personal advice at their bank or investment house and should keep in mind that prices and dividends of equities can rise and fall and that nobody can give a guarantee of the future development of equities. The author of this report and the SRC-Scharff Research und Consulting GmbH commit themselves on a unsolicited basis to having no long or short-positions in equities or derivatives related to equities mentioned in this report.

Reproduction, distribution or publishing this report and its content as a whole or in parts is only allowed with approval of SRC management written form. With acceptance of this document you agree with all regulations mentioned here and all general terms and conditions you will find at anytime at our website www.src-research.de.