

15 | October | 2021

■ **Price (Euro)** **15.98**
52 weeks range 17.50 / 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)	464.9
Free Float Market Cap (million)	215.3
CAGR pre-tax profit ('19 - '23e)	28.1%

■ Multiples	2020	2021e	2022e	2023e
MarketCap/ Revenues	0.10	0.09	0.09	0.09
PE-Ratio	-7.0	13.7	12.6	10.7
Dividend Yield	0.0%	2.5%	3.8%	5.0%
Price-to-Book ratio	0.7	0.6	0.8	0.7

■ Key Data per Share (Euro)	2020	2021e	2022e	2023e
Earnings per Share (EPS)	-2.28	1.17	1.27	1.49
Dividends per Share (DPS)	0.00	0.40	0.60	0.80
Book Value per share	22.36	25.98	21.06	21.80

■ Financial Data (Euro '000)	2020	2021e	2022e	2023e
Revenues	4,651,842	4,954,212	5,078,067	5,205,019
EBITDA	131,438	255,693	268,502	300,444
Operating Profit (EBIT)	-37,209	86,246	97,017	120,792
Pre-tax profit (EBT)	-51,048	68,617	86,257	100,623
Pre-tax margin	-1.0%	1.3%	1.6%	1.8%
Net profit (after minorities)	-65,802	35,666	49,734	58,202
Adjusted Shareholders' Equity	635,985	763,850	801,267	835,903
RoE after tax (adjusted)	-10.3%	4.7%	6.2%	7.0%
Equity Ratio	18.5%	21.8%	22.1%	22.4%

■ **Financial Calendar**

9M 2021 29 November 2021

■ **Main Shareholders**

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

■ **Analysts** **Dipl.-Kfm. Stefan Scharff, CREA**
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Capital hike with a volume of up to 35% of current share capital launched – subscription price of 12.00 Euro per share – valuation results in new target of Euro 17.50, Rating down to Accumulate

Yesterday evening, the company announced the launch of a cash capital increase with subscription rights, as already indicated with last week's news, which we commented in our update from 6 October. As expected, the company plans to make use of the full volume of authorized capital, thereby issuing up to almost 10.2 million new shares. At a set subscription price of 12.00 Euros per share, the total gross proceeds amount to up to Euro 122.2m. The subscription ratio is at 17:6. While the subscription price is significantly below the current market price of the share, we see the set price as reasonable and in line with expectations given the framework of the capital hike. The subscription period will start on 20 October and is set to end on 3 November. We expect the capital hike to be successful and believe that the demand will be high. Any unsubscribed shares will be placed in an international private placement on 3 November. The syndicate as core shareholders have already committed to contribute more than Euro 50m or almost 4.2 million new shares respectively, while subscription rights for an additional 9,168 new shares will not be exercised by the syndicate. The proceeds are to be used to strengthen the balance sheet, but also to partially repay debt and to pursue general corporate purposes.

The company also released some further details on the intended new hybrid bond, that is to be issued to refinance the outstanding Euro 99m of the 2017 hybrid bond, which will be repayable for the first time in February 2022. The management stated, that the new issue is targeted presumably with a volume in the range of Euro 100m and the issue is subject to the development of the markets in the coming weeks.

Under the consideration of the conditions of the capital hike, the gross proceeds and the effects on the firm's balance sheet, our valuation now yields a new target price of Euro 17.50. At an upside of about 10%, 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: 19,808

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Management Board of PORR
 Ing. Karl-Heinz Strauss, MBA, FRICS (CEO/CFO)
 Bmst. Ing. Josef Pein (COO)
 Dipl.-Ing. Jürgen Raschendorfer (COO)

Supervisory Board of PORR

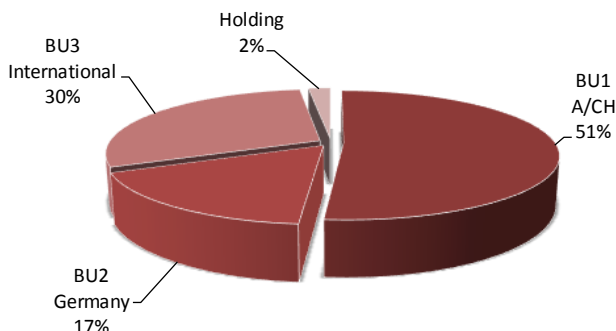
Dr. Dr. Karl Pistotnik (Chairman)	Dr. Susanne Weiss
Dipl.-Ing. Klaus Ortner (Deputy Chairman)	DI Michael Tomitz
Dr. Thomas Winischhofer, LL.M., MBA	Gottfried Hatzenbichler
Mag. Robert Grüneis	Wolfgang Ringhofer
Dr. Walter Knirsch	Michael Kaincz
DI Iris Ortner, MBA	
Hon.-Prof. Dr. Bernhard Vanas	

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 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
Production output	5,592,914	5,569,781	5,037,915	5,365,379	5,547,802	5,708,689	0.6%
Revenues	4,959,109	4,880,414	4,651,842	4,954,212	5,078,067	5,205,019	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	-445,778	-432,142	-436,221	
Operating result (EBITDA)	219,467	222,316	131,438	255,693	268,502	300,444	7.8%
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	86,246	97,017	120,792	21.9%
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	68,617	86,257	100,623	28.1%
EBT margin (in relation to production output)	1.6%	0.7%	-1.0%	1.3%	1.6%	1.8%	
Income tax expense	-21,936	-9,576	8,681	-17,154	-19,743	-25,156	
Profit/loss for the period	66,195	27,833	-42,367	51,463	66,514	75,467	28.3%
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	49,880	65,981	73,884	30.4%
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	35,666	49,734	58,202	
Diluted/basic earnings per share (EPS)	2.16	0.50	-2.28	1.17	1.27	1.49	
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	30,792	39,278	39,278	
Adjusted Shareholders' Equity without minorities	571,646	587,081	635,985	763,850	801,267	835,903	9.2%
Shareholders' Equity (including minorities and hybrid)	618,234	599,038	650,549	800,097	827,254	856,350	
RoE after Tax	11.2%	2.5%	-10.8%	5.1%	6.4%	7.1%	
Total assets (Euro million)	3,114.7	3,664.9	3,509,463.0	3,666,756.6	3,740,091.8	3,826,113.9	
Equity ratio	19.8%	16.4%	18.5%	21.8%	22.1%	22.4%	
Key ratios & figures	2018	2019	2020	2021e	2022e	2023e	
Growth rates in %							
Revenues	15.5%	-1.6%	-4.7%	6.5%	2.5%	2.5%	
EBITDA	9.4%	1.3%	-40.9%	94.5%	5.0%	11.9%	
EBIT	2.3%	-40.7%	-168.0%	-331.8%	12.5%	24.5%	
EBT	3.3%	-57.6%	-236.5%	-234.4%	25.7%	16.7%	
Net profit after minorities	3.9%	-58.0%	-252.2%	-221.5%	29.2%	13.5%	
Margins in % (based on production output)							
EBITDA margin	3.9%	4.0%	2.6%	4.8%	4.8%	5.3%	
EBIT margin	1.7%	1.0%	-0.7%	1.6%	1.7%	2.1%	
EBT margin	1.6%	0.7%	-1.0%	1.3%	1.6%	1.8%	
Net profit margin	1.2%	0.5%	-0.8%	1.0%	1.2%	1.3%	
Expense ratios in %							
Personnel costs to sales	23.8%	25.5%	26.0%	24.7%	25.1%	24.8%	
Cost of material to sales	69.8%	67.3%	67.0%	65.6%	65.6%	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%	-22.9%	-25.0%	
Profitability in %							
Gross profit margin	30.2%	32.7%	33.0%	34.4%	34.4%	34.7%	
Return on adjusted shareholders equity (ROE)	11.0%	2.4%	-10.3%	4.7%	6.2%	7.0%	
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	26.0	21.1	21.8	
Equity ratio	19.8%	16.4%	18.5%	21.8%	22.1%	22.4%	
Data per share							
Number of shares in ('000)	29,095	29,095	29,095	30,792	39,278	39,278	
Earnings per share (EPS)	2.16	0.50	-2.28	1.17	1.27	1.49	
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	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 €
PORR	10 March 2020	Buy	13.84 €	20.00 €
PORR	25 November 2019	Buy	18.70 €	25.00 €

Please note:

The PORR share price mentioned in this report is from 14 October 2021. PORR AG mandated SRC Research for covering the PORR share.

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