

PORR

Buy (unchanged) Target: Euro 26.00 (old: Euro 24.00)



Der Spezialist für Finanzaktien

25 | Feb | 2025

Strong 2024 prelims, production output +2.6%, EBIT +12.9%, civil engineering will be a key driver in 2025, residential construction coming back, we maintain our Buy and lift target to Euro 26.00

Yesterday PORR released some pleasing preliminary key numbers for last FY 2024, which confirmed the stable growth of 9M numbers from November.

The production output increased by 2.6% to Euro 6.747bn and met exactly our forecast (Euro 6.742bn). The operating profit in terms of EBIT even grew much stronger, by 12.9%, from Euro 140.3m to Euro 158.4m and was also very close to our forecast (Euro 161.3m). With the steep hike in EBIT, the EBIT margin clearly improved from 2.3% in 2023 to 2.6% in 2024, coming close to the 3.0% margin target, that could be reached in 2025. The order backlog increased 1.1% to Euro 8.543bn as per year-end 2024, which means that 4Q was very strong. Keep in mind, that it is now Euro 350m higher than at the end of 9M 2024 (Euro 8.2bn).

PORR stated that the team was able to increase the production output in every single market, with Austria and Romania being very strong. PORR also stated that civil engineering remains the key driver of growth, standing for more than 55% of the total output. **With regards to the order intake, which was very strong in 2023 due to some very large-scale projects incoming, the company managed to deliver a +0.2% hike from Euro 6.835bn in 2023 to Euro 6.846bn in 2024. That is a big jump, if you keep in mind that 9M 2024 order intake was 10% below the 9M 2023 level. A big bunch of new orders came in to underline the leading position of the firm in areas of infrastructure as well as industrial construction and healthcare. For 2025 we also expect a rebound in the residential construction area, for example for the German market that has big overhang of demand, at least 700k residential units missing.**

With the pleasing prelims the management also confirmed the shareholder friendly policy to pay out 30% to 50% of profits to the shareholders. Thus, we stick to our Euro 1.00 dividend forecast, after 75 Cents last year.

The share price development of PORR was very good since the start of the year with a Plus of 30% to more than 23 Euros, coming close to our Euro 24.00 target price. As we already stated in our 9M update, the company is on a decent path of growth and rising profitability, which was confirmed now with yesterday's full year prelims. We confirm our Buy recommendation and lift our target price from Euro 24.00 to Euro 26.00 as we expect another good year for PORR to come. The 2024 annual report will be published in about 4 weeks, on 27 March 2025.

Price (Euro)	22,65			
52 weeks range	23.50 / 12.66			
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)	889,7			
Free Float Market Cap (million)	411,9			
CAGR pre-tax profit ('23 - '26e)	7,5%			
Multiples	2023	2024e	2025e	2026e
MarketCap/ Revenues	0,15	0,14	0,14	0,13
PE-Ratio	10,2	8,3	7,3	6,9
Dividend Yield	3,3%	4,4%	4,9%	5,7%
Price-to-Book ratio	1,0	1,0	0,9	0,8
Key Data per Share (Euro)	2023	2024e	2025e	2026e
Earnings per Share (EPS)	2,21	2,74	3,12	3,27
Dividends per Share (DPS)	0,75	1,00	1,10	1,30
Book Value per share	21,90	23,75	25,85	28,01
Financial Data (Euro '000)	2023	2024e	2025e	2026e
Revenues	6.048.546	6.190.505	6.438.126	6.631.269
EBITDA	344.258	366.621	391.776	404.867
Operating Profit (EBIT)	140.271	158.392	179.794	189.135
Pre-tax profit (EBT)	130.698	148.753	167.838	174.711
Pre-tax margin	2,0%	2,2%	2,5%	2,5%
Net profit (after minorities)	85.013	106.904	121.855	127.554
Adjusted Shareholders' Equity	834.956	912.401	994.978	1.079.326
RoE after tax (adjusted)	10,2%	11,7%	12,2%	11,8%
Equity Ratio	20,8%	22,1%	23,5%	24,9%
Financial Calendar				
2024 annual report		27 March 2025		
AGM		29 April 2025		
1Q 2025 report		22 May 2025		
2Q 2025 report		21 August 2025		
Main Shareholders				
Syndicate (Strauss-group / IGO-Ortner-group)		50,4%		
Analyst	Dipl.-Kfm. Stefan Scharff, CREA			
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PORR AG

Industry: Construction / Infrastructure
Sub-segment: all kinds of real estate
Country: Austria
Headquarter: Vienna
Foundation: 1869
Employees: 20,665

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Management Board of PORR
 Ing. Karl-Heinz Strauss, MBA, FRICS (CEO)
 WP/StB Mag. Klemens Eiter (CFO)
 Dipl.-Ing. Claude-Patrick Jeutter (COO)
 Dipl.-Ing. Jürgen Raschendorfer (COO)

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 DI Iris Ortner, MBA
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 Christian Supper

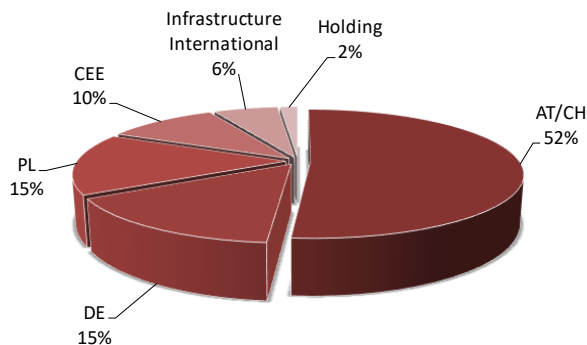
Founded in 1869 as Allgemeine österreichische Baugesellschaft PORR AG is today a full service provider for construction and infrastructure projects with a leading market position in Austria and also a good footprint as one of the leading firms in other important European home markets like Germany, Switzerland, 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 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 the PORR 2025 strategy program and the transformation. Since then, the firma managed to progress on the outlined strategy, which has also become more and more visible in the numbers. The numbers of the most recently ended FY2023 showed a record level production output of almost Euro 6.6bn and an EBT of about Euro 130m, representing an EBT-margin of 2.0%.

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. Dividend distributions were resumed starting for FY2021 and have been increased steadily since. The management has decided to propose a dividend of 75 cents per share at the upcoming AGM for the FY2023. For 2024 we expect another hike in earnings and dividend payment.

Production output Euro 6.58bn at FY 2023

(by business segments)



Source: Company Data, SRC Research

P & L PORR AG

31/12 IFRS (Euro '000)	2020	2021	2022	2023	2024e	2025e	2026e	CAGR '23 - '26e
Production output	5.037.915	5.727.323	6.226.409	6.577.174	6.747.227	6.848.435	6.916.920	1,3%
Revenues	4.651.842	5.169.831	5.786.011	6.048.546	6.190.505	6.438.126	6.631.269	2,3%
Own work capitalized in non-current assets	3.787	2.875	1.567	5.292	2.848	3.255	3.582	
Share of profit/loss of associates	34.036	62.124	56.466	98.576	74.224	76.588	79.920	
Other operating income	133.606	178.090	189.124	181.928	195.136	182.993	180.810	
Cost of materials and other related production services	-3.117.518	-3.446.627	-3.976.756	-4.142.102	-4.187.877	-4.339.297	-4.462.844	1,9%
Staff expense	-1.210.093	-1.275.817	-1.349.993	-1.453.726	-1.489.924	-1.534.621	-1.599.076	2,4%
Other operating expenses	-364.222	-402.934	-387.520	-394.256	-418.292	-435.267	-428.794	
Operating result (EBITDA)	131.438	287.542	318.899	344.258	366.621	391.776	404.867	4,1%
Depreciation, amortisation and impairment expense	-168.647	-192.323	-198.792	-203.987	-208.229	-211.982	-215.732	1,4%
Operating result (EBIT)	-37.209	95.219	120.107	140.271	158.392	179.794	189.135	7,8%
EBIT Margin (in relation to revenues)	-0,8%	1,8%	2,1%	2,3%	2,6%	2,8%	2,9%	
Income from financial investments and other current financial assets	12.771	12.284	14.150	26.665	28.654	27.776	26.182	
Finance costs	-26.610	-22.142	-24.223	-36.238	-38.293	-39.732	-40.607	
Earnings before tax (EBT)	-51.048	85.361	110.034	130.698	148.753	167.838	174.711	7,5%
EBT margin (in relation to production output)	-1,0%	1,5%	1,8%	2,0%	2,2%	2,5%	2,5%	
Income tax expense	8.681	-23.953	-27.399	-35.680	-34.213	-38.603	-40.183	
Profit/loss for the period	-42.367	61.408	82.635	95.018	114.540	129.236	134.527	9,1%
of which attributable to non-controlling interest	5.281	7.688	4.009	-4.207	2.302	2.615	3.544	
Profit/loss for the period attributable to shareholders of the parent and holders of profit-participation rights	-47.648	53.720	78.626	99.225	112.238	126.621	130.983	7,2%
of which attributable to holders of profit-participation rights	18.154	17.786	14.213	14.212	5.334	4.766	3.429	
Net profit after minorities	-65.802	35.934	64.413	85.013	106.904	121.855	127.554	
Diluted/basic earnings per share (EPS)	-2,28	1,18	1,65	2,21	2,74	3,12	3,27	
Dividends per share (DPS)	0,00	0,50	0,60	0,75	1,00	1,10	1,30	
Number of shares ('000)	29.095	30.792	39.278	39.278	39.278	39.278	39.278	
Adjusted Shareholders' Equity without minorities	635.985	790.541	764.605	834.956	912.401	994.978	1.079.326	6,6%
Shareholders' Equity (including minorities and hybrid)	650.549	824.410	798.925	860.245	932.715	1.015.425	1.100.203	
RoE after Tax	-10,8%	5,0%	8,3%	10,6%	12,2%	12,8%	12,3%	
Total assets (Euro million)	3.509.463,0	4.065.002,0	4.146.795,0	4.135.696,0	4.218.409,9	4.315.433,3	4.423.319,2	
Equity ratio	18,5%	20,3%	19,3%	20,8%	22,1%	23,5%	24,9%	
Key ratios & figures	2020	2021	2022	2023	2024e	2025e	2026e	
Growth rates in %								
Revenues	-4,7%	11,1%	11,9%	4,5%	2,3%	4,0%	3,0%	
EBITDA	-40,9%	118,8%	10,9%	8,0%	6,5%	6,9%	3,3%	
EBIT	-168,0%	-355,9%	26,1%	16,8%	12,9%	13,5%	5,2%	
EBT	-236,5%	-267,2%	28,9%	18,8%	13,8%	12,8%	4,1%	
Net profit after minorities	-252,2%	-244,9%	34,6%	15,0%	20,5%	12,8%	4,1%	
Margins in % (based on production output)								
EBITDA margin	2,6%	5,0%	5,1%	5,2%	5,4%	5,7%	5,9%	
EBIT margin	-0,7%	1,7%	1,9%	2,1%	2,3%	2,6%	2,7%	
EBT margin	-1,0%	1,5%	1,8%	2,0%	2,2%	2,5%	2,5%	
Net profit margin	-0,8%	1,1%	1,3%	1,4%	1,7%	1,9%	1,9%	
Expense ratios in %								
Personnel costs to sales	26,0%	24,7%	23,3%	24,0%	24,1%	23,8%	24,1%	
Cost of material to sales	67,0%	66,7%	68,7%	68,5%	67,7%	67,4%	67,3%	
Depreciation to sales	3,6%	3,7%	3,4%	3,4%	3,4%	3,3%	3,3%	
Tax rate	-17,0%	-28,1%	-24,9%	-27,3%	-23,0%	-23,0%	-23,0%	
Profitability in %								
Gross profit margin	33,0%	33,3%	31,3%	31,5%	32,4%	32,6%	32,7%	
Return on adjusted shareholders equity (ROE)	-10,3%	4,5%	8,4%	10,2%	11,7%	12,2%	11,8%	
Return on investment (ROI)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	
Balance sheet key figures								
Net debt (-)/ net cash (+)	-136.691	65.322	58.950	40.051	34.043	28.937	24.596	
Book value	22,4	26,8	20,3	21,9	23,7	25,9	28,0	
Equity ratio	18,5%	20,3%	19,3%	20,8%	22,1%	23,5%	24,9%	
Data per share								
Number of shares in ('000)	29.095	30.792	39.278	39.278	39.278	39.278	39.278	
Earnings per share (EPS)	-2,28	1,18	1,65	2,21	2,74	3,12	3,27	
Dividend per share (DPS)	0,00	0,50	0,60	0,75	1,00	1,10	1,30	

Source: Company data, SRC Research estimates

SRC Research

- The Specialist for Financial and Real Estate Stocks -

SRC - Scharff Research und Consulting GmbH

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Rating Chronicle	Date	Rating	Former Price	Former Target
PORR	21 November 2024	Buy	15,42 €	24,00 €
PORR	22 August 2024	Buy	13,56 €	22,00 €
PORR	23 May 2024	Buy	14,20 €	21,00 €
PORR	22 March 2024	Buy	13,44 €	20,50 €
PORR	23 November 2023	Buy	12,40 €	20,50 €
PORR	29 August 2023	Buy	11,50 €	20,50 €
PORR	24 May 2023	Buy	14,68 €	19,50 €
PORR	31 March 2023	Buy	13,90 €	18,50 €
PORR	28 February 2023	Buy	14,10 €	18,50 €
PORR	28 November 2022	Buy	12,50 €	17,50 €
PORR	31 August 2022	Buy	11,56 €	17,50 €
PORR	30 May 2022	Buy	12,34 €	17,50 €
PORR	28 April 2022	Buy	11,76 €	17,50 €

Please note:

The PORR share price mentioned in this report is from 24 February 2025. PORR AG mandated SRC Research for covering the PORR share.

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