

28 | February | 2023

■ **Price (Euro)** **14.10**
52 weeks range 14.18 / 8.90

■ **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)	553.8
Free Float Market Cap (million)	256.4
CAGR pre-tax profit ('19 - '23e)	18.5%

Multiples	2021	2022e	2023e	2024e
MarketCap/ Revenues	0.11	0.10	0.09	0.09
PE-Ratio	12.0	8.1	6.3	4.9
Dividend Yield	3.5%	4.6%	6.0%	7.8%
Price-to-Book ratio	0.5	0.7	0.6	0.6

Key Data per Share (Euro)	2021	2022e	2023e	2024e
Earnings per Share (EPS)	1.18	1.73	2.24	2.86
Dividends per Share (DPS)	0.50	0.65	0.85	1.10
Book Value per share	26.77	20.73	21.96	23.96

Financial Data (Euro '000)	2021	2022e	2023e	2024e
Revenues	5,169,831	5,785,983	5,930,633	6,072,968
EBITDA	287,542	320,356	348,856	392,940
Operating Profit (EBIT)	95,219	126,769	150,193	191,586
Pre-tax profit (EBT)	85,361	110,003	136,135	168,211
Pre-tax margin	1.5%	1.8%	2.1%	2.5%
Net profit (after minorities)	35,934	67,720	87,559	111,772
Adjusted Shareholders' Equity	790,541	780,234	842,262	920,648
RoE after tax (adjusted)	4.5%	8.7%	10.4%	12.1%
Equity Ratio	20.3%	19.4%	20.1%	21.5%

■ **Financial Calendar**

2022 annual report	30 March 2023
1Q 2023 report	24 May 2023
1H 2023 report	29 August 2023

■ **Main Shareholders**

Syndicate (Strauss-group / IGO-Ortner-group)	50.4%
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■ **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

2022 prelims on top of our estimates with a 9% hike in production output to Euro 6.23bn – Order backlog reaches a new record level at Euro 8.2bn – Target price up to Euro 18.50, Buy rating affirmed

Today, the company released first key numbers for the fiscal year 2022 and was able to pleasantly surprise as the reported numbers were above our expectation and the firm's guidance. Based on the preliminary numbers, production output for 2022 amounted to almost Euro 6.23bn, up 8.7% from last year's number of Euro 5.73bn. This number was clearly on top of our estimate of Euro 6.01bn and also on top of the firm's guidance of about Euro 6.0bn. Revenues came in at Euro 5.79bn and were up almost 12% year-over-year from Euro 5.17bn in 2021. Here our estimate was at only Euro 5.43bn. Austria once again was the most important market with a share of about 46%. Regarding the firm's EBT, the management stated a hike from last year's number of almost 29% and we thus expect the pre-tax profit to be at about Euro 110m, which is on top of our expectation of Euro 106m as well. This translates into an EBT margin of 1.8%, which was also our expectation and shows an improvement to last year's margin of 1.5%. Thus, this also confirms that the company is on the right track towards its margin goal of 3%.

Looking at the order backlog the firm delivered some very strong numbers as well. The order backlog was at a new record level of Euro 8.2bn at year-end, up 5.7% from last year of Euro 7.76bn. Here, the firm stated that every area contributed positively to the growth. Order intake rose by 3.8% to a level of Euro 6.66bn. Included here are several major projects in industrial construction, such as the BMW Group plant in Munich.

For the current year the management expects production output to at least be on the same level as 2022 and earnings to further improve and we are confident that the firm will reach these goals. We are very satisfied with the released key numbers and adjusted our estimates for 2022 accordingly upwards. We also lifted our P&L estimates for the current year and the following years, as these seemed to conservative to us now. With the strong 2022 prelims on top of our expectations and the lifted estimates we also decided to lift our target price from Euro 17.50 to now Euro 18.50. This currently translates into an upside of more than 30%. Thus we clearly confirm our Buy rating for the share.



PORR AG

Industry: Construction / Infrastructure
Sub-segment: all kinds of real estate
Country: Austria
Headquarter: Vienna
Foundation: 1869
Employees: 20,140

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)
 WP/StB Mag. Klemens Eiter (CFO)
 Brnst. Ing. Josef Pein (COO)
 Dipl.-Ing. Jürgen Raschendorfer (COO)

Supervisory Board of PORR

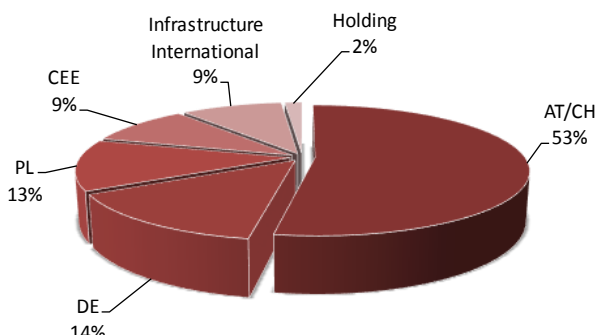
Dr. Dr. Karl Pistotnik (Chairman)	Dr. Susanne Weiss
Dipl.-Ing. Klaus Ortner (Deputy Chairman)	Gottfried Hatzenbichler
Dr. Thomas Winischhofer, LL.M., MBA	Wolfgang Ringhofer
Mag. Robert Grüneis	Martina Stegner
Dr. Walter Knirsch	Christian Supper
DI Iris Ortner, MBA	
Hon.-Prof. Dr. Bernhard Vanas	

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 the PORR 2025 strategy program and the transformation. Some of these effects already became visible in 2021, which represented a record level year in terms of production output and also delivered a strong EBT. Based on the 2022 preliminary numbers, the record level of 2021 was further increased by almost 9% in 2022 to Euro 6.23bn. Furthermore, the order book reached a new record level at FY2022 of Euro 8.2bn.

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 firm distributed a dividend of 50 cents per share, which was on top of our estimate and within the targeted payout ratio of 30% to 50%. Our Expectation for the year 2022 is at 65 cents.

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	CAGR '21 - '24e
Production output	5,569,781	5,037,915	5,727,323	6,226,218	6,406,778	6,598,982	3.6%
Revenues	4,880,414	4,651,842	5,169,831	5,785,983	5,930,633	6,072,968	4.1%
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	196,347	144,876	153,442	
Cost of materials and other related production services	-3,286,674	-3,117,518	-3,446,627	-3,979,786	-4,071,321	-4,173,104	4.9%
Staff expense	-1,243,180	-1,210,093	-1,275,817	-1,357,423	-1,332,141	-1,326,874	1.0%
Other operating expenses	-398,530	-364,222	-402,934	-391,574	-398,221	-416,744	
Operating result (EBITDA)	222,316	131,438	287,542	320,356	348,856	392,940	8.1%
Depreciation, amortisation and impairment expense	-167,594	-168,647	-192,323	-193,587	-198,663	-201,354	1.2%
Operating result (EBIT)	54,722	-37,209	95,219	126,769	150,193	191,586	19.1%
Income from financial investments and other current financial assets	15,396	12,771	12,284	12,687	11,056	2,985	
Finance costs	-32,709	-26,610	-22,142	-29,453	-25,114	-26,360	
Earnings before tax (EBT)	37,409	-51,048	85,361	110,003	136,135	168,211	18.5%
EBT margin (in relation to production output)	0.7%	-1.0%	1.5%	1.8%	2.1%	2.5%	
Income tax expense	-9,576	8,681	-23,953	-25,763	-31,311	-38,689	
Profit/loss for the period	27,833	-42,367	61,408	84,240	104,824	129,522	20.5%
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	83,707	103,241	126,889	24.0%
of which attributable to holders of profit-participation rights	11,227	18,154	17,786	15,987	15,682	15,117	
Net profit after minorities	14,314	-65,802	35,934	67,720	87,559	111,772	
Diluted/basic earnings per share (EPS)	0.50	-2.28	1.18	1.73	2.24	2.86	
Dividends per share (DPS)	0.00	0.00	0.50	0.65	0.85	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	780,234	842,262	920,648	3.9%
Shareholders' Equity (including minorities and hybrid)	599,038	650,549	824,410	814,268	862,709	940,962	
RoE after Tax	2.5%	-10.8%	5.0%	8.6%	10.8%	12.7%	
Total assets (Euro million)	3,664.9	3,509,463.0	4,065,002.0	4,186,952.1	4,283,252.0	4,368,917.0	
Equity ratio	16.4%	18.5%	20.3%	19.4%	20.1%	21.5%	
Key ratios & figures	2019	2020	2021	2022e	2023e	2024e	
Growth rates in %							
Revenues	-1.6%	-4.7%	11.1%	11.9%	2.5%	2.4%	
EBITDA	1.3%	-40.9%	118.8%	11.4%	8.9%	12.6%	
EBIT	-40.7%	-168.0%	-355.9%	33.1%	18.5%	27.6%	
EBT	-57.6%	-236.5%	-267.2%	28.9%	23.8%	23.6%	
Net profit after minorities	-58.0%	-252.2%	-244.9%	37.2%	24.4%	23.6%	
Margins in % (based on production output)							
EBITDA margin	4.0%	2.6%	5.0%	5.1%	5.4%	6.0%	
EBIT margin	1.0%	-0.7%	1.7%	2.0%	2.3%	2.9%	
EBT margin	0.7%	-1.0%	1.5%	1.8%	2.1%	2.5%	
Net profit margin	0.5%	-0.8%	1.1%	1.4%	1.6%	2.0%	
Expense ratios in %							
Personnel costs to sales	25.5%	26.0%	24.7%	23.5%	22.5%	21.8%	
Cost of material to sales	67.3%	67.0%	66.7%	68.8%	68.6%	68.7%	
Depreciation to sales	3.4%	3.6%	3.7%	3.3%	3.3%	3.3%	
Tax rate	-25.6%	-17.0%	-28.1%	-23.4%	-23.0%	-23.0%	
Profitability in %							
Gross profit margin	32.7%	33.0%	33.3%	31.2%	31.4%	31.3%	
Return on adjusted shareholders equity (ROE)	2.4%	-10.3%	4.5%	8.7%	10.4%	12.1%	
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	20.7	22.0	24.0	
Equity ratio	16.4%	18.5%	20.3%	19.4%	20.1%	21.5%	
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	1.73	2.24	2.86	
Dividend per share (DPS)	0.00	0.00	0.50	0.65	0.85	1.10	

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	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 €
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 €

Please note:

The PORR share price mentioned in this report is from 27 February 2023. PORR AG mandated SRC Research for covering the PORR share.

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