

Q1 2016 of PORR AG

NEW WORLDS

Investor Presentation

May 2016

powered by



Disclaimer

- This presentation was prepared by PORR AG (the "Company") solely for use at investors' meetings and is furnished to you solely for informational purposes.
- This presentation dates as of May 2016. The facts and information contained herein might be subject to revision in the future. Neither the delivery of this presentation nor any further discussions of the Company with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since such date. None of the Company or any of its parents or subsidiaries or any of such person's directors, officers, employees or advisors nor any other person makes any representation or warranty, express or implied as to, and no reliance should be placed on, the accuracy or completeness of the information contained in this presentation. None of the Company or any of its parents or subsidiaries or any of their directors, officers, employees and advisors nor any other person shall have any liability whatsoever for any loss howsoever arising, directly or indirectly, from any use of this presentation. The same applies to information contained in other material made available at the meeting.
- This document is selective in nature and is intended to provide an introduction to, and overview of, the business of the Company. Wherever external source are quoted in this presentation, such external information or statistics should not be interpreted as having been adopted or endorsed by the Company as being accurate.
- This presentation contains forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which the Company operates. These statements generally are identified by words such as "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. The forward-looking statements, including but not limited to assumptions, opinions and views of the Company or information from third party sources, contained in this presentation are based on current plans, estimates, assumptions and projections and involve uncertainties and risks. Various factors could cause actual future results, performance or events to differ materially from those described in these statements. The Company does not represent or guarantee that the assumptions underlying such forward-looking statements are free from errors nor do they accept any responsibility for the future accuracy of the opinions expressed in this presentation. No obligation is assumed to update any forward-looking statements.
- By accepting this presentation you acknowledge that you will be solely responsible for your own assessment of the market and of the market position of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the Company's business

01

HIGHLIGHTS



Strong First Quarter: Order Backlog surpasses the Five-Billion-Euro Mark – all-time High

+13% 

**Continued growth
in revenues**

85%

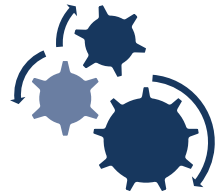
**of production output
generated in strong
home markets**



+17% 

**Full order book of
EUR 5,1bn with a
high visibility**

Healthy Balance Sheet – High Liquidity



Solid
balance sheet
enables operational and
investment flexibility



EBT +17%

increased
operational performance
through effective cost
management



EUR 38_m

of Net debt – improved by
EUR 149m compared
to 3/2015

Key Figures Q1 2016

EUR m

	<u>Q1 15</u>	<u>Q1 16</u>	<u>Change²</u>
Production output¹	591.6	648.3	+9.6%
Order Intake	925.1	1,218.4	+31.7%
Order Backlog	4,391.9	5,149.4	+17.2%
Revenues	528.8	598.3	+13.1%
EBITDA	7.3	12.9	+75.7%
Δ in EUR m	+ 5.6		
EBT	-12.0	-10.0	+16.9%
Δ in EUR m	+ 2.0		
Periodic result	-11.6	-8.2	+29.3%
Earnings per share³	-0.43	-0.31	+27.9%

1 Output of consortiums and all associates are included proportionally in production output which deviates from revenues according to IFRS

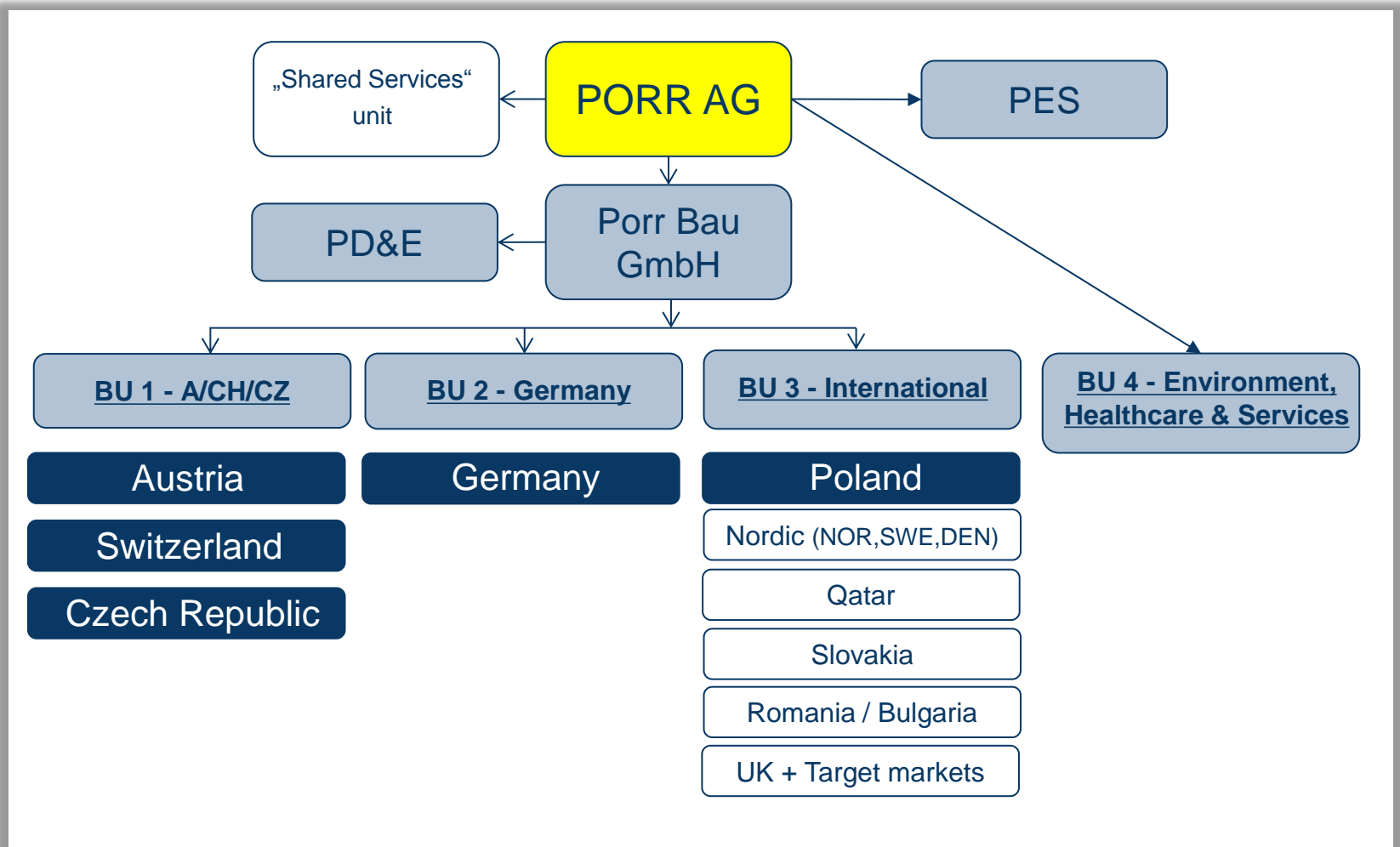
2 Rounding differences can appear

3 Adjusted to number of shares in 2015 to facilitate comparisons.

Persistent Successful Strategy Focus

- 1 Stable and consistent growth in home markets**
Strong geographical footprint supported by technical excellence
- 2 Value over volume**
Deep focus on projects adding most value
- 3 Solid balance sheet**
Improved efficiency and cash generation
- 4 Creating value through strategic acquisitions**
PORR Polska Infrastructure as a specialist for complex civil engineering projects
- 5 Enabling strong dividend yield**
Proposed dividend of EUR 1.00 plus EUR 0.50 one-off scrip dividend
- 6 Transforming the way we work**
New world of work, new organizational structure

A new Consistent and Lean Organizational Structure: Bundling Activities and Creating Synergies



02

Markets & Strategy



PORR Strategy – Intelligent Growth

MARKETS

Leading role in home markets
Profitable project markets
Promising target markets

OPERATIONS

3 % EBT margin
Net-debt-free
Focus on earnings not revenues
Strict cost & risk management

TECHNOLOGY & INNOVATION

Leading role in innovation & technology
Digitalisation

CULTURE

Best place to work
Focus on customer relationship
Operational excellence
Entrepreneurial spirit

Strategic Achievements

MARKETS

- Leading market position in **Austria**
- Solid growth in **Germany**, strong presence in complex infrastructure projects
- **Strong order intake** driven by Poland, DACH region and Qatar
- **First project award in the UK**, bridge projects in **Norway** as a footprint to head for infrastructure projects

TECHNOLOGY & INNOVATION

- Development and strengthening of **key technologies as BIM**
- Investments in IT infrastructure
- Digitalisation of the construction process

OPERATIONS

- Clear roadmap of **sustainable margin improvements** leading to an EBT margin of 2.3% in 2015 (1.9% FY 14)
- **Net cash** increased to EUR 187m, **working capital** improvements
- Focus on **high-margin projects**
- **Improved cost base & risk mgmt**

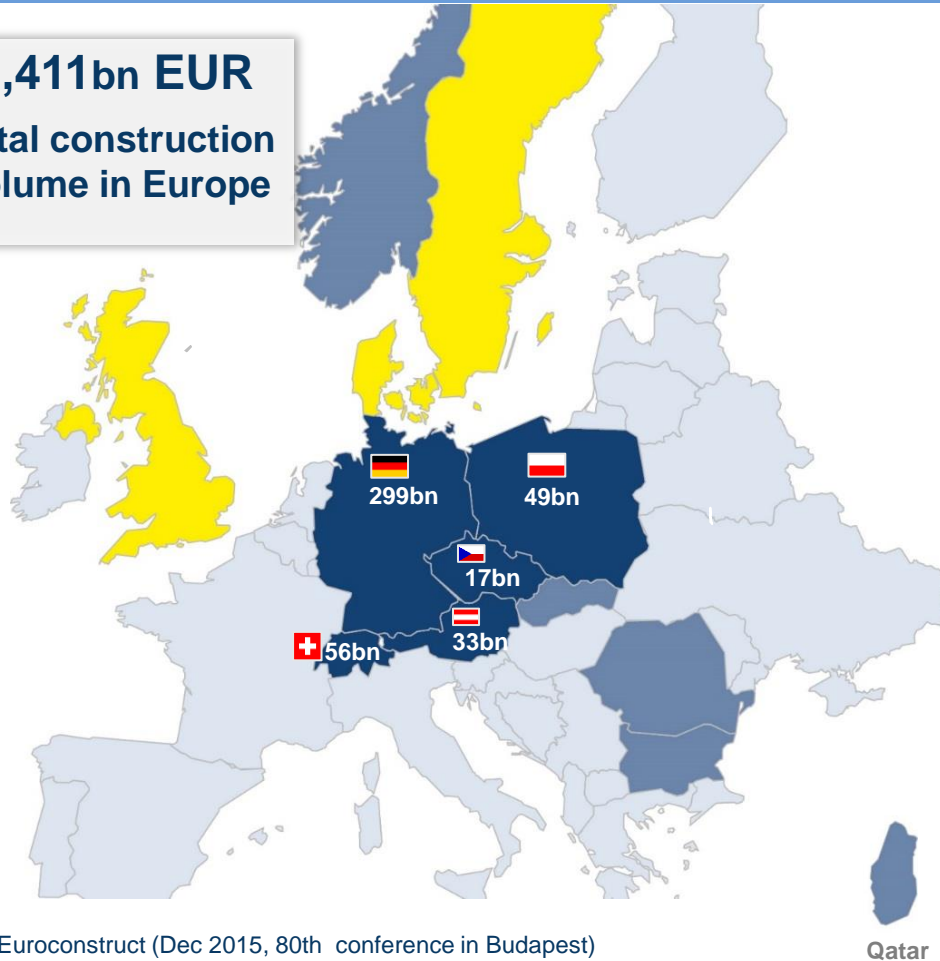
CULTURE

- Realization of the „**New World of Work**“ – a new way to work in an open and transparent atmosphere creating a **dynamic and flexible organization**
- Highly qualified and committed employees

PORR Construction Markets Start Showing Stable Growth Perspectives

Market Volume & Approach

1,411bn EUR
Total construction volume in Europe



Source: Euroconstruct (Dec 2015, 80th conference in Budapest)

Home markets

- Well-established with a strong profile in its home markets
- Detailed knowledge about the markets, competitors and clients
- Great depth of added value / nearly 100% execution within the company

Project markets

- Established company in selected areas of expertise (focus infrastructure)
- Good knowledge about the markets, competition and clients in these areas
- Strict selection of projects
- Strategic partnerships

Target markets

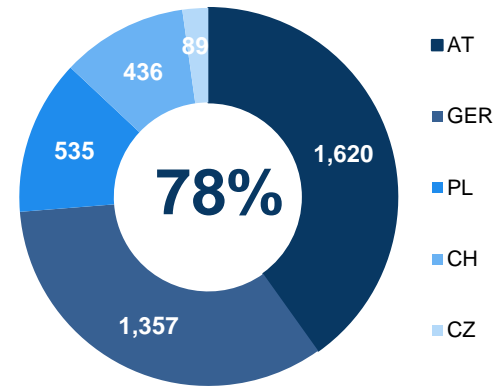
- Project approach / strict project selection in infrastructure sector
- Clear rules for market entry: Project – Partner – Team

A Stable and Consistent Business Supported by a Full Order Pipeline

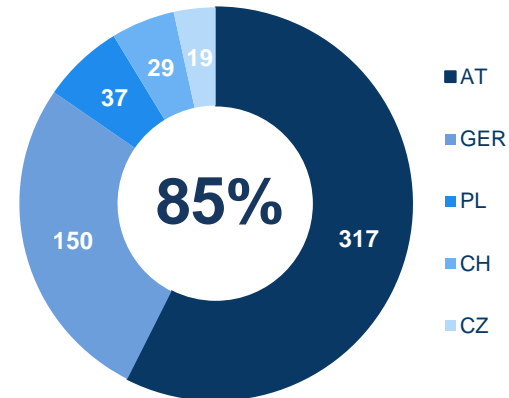
PORR Markets – focused business model



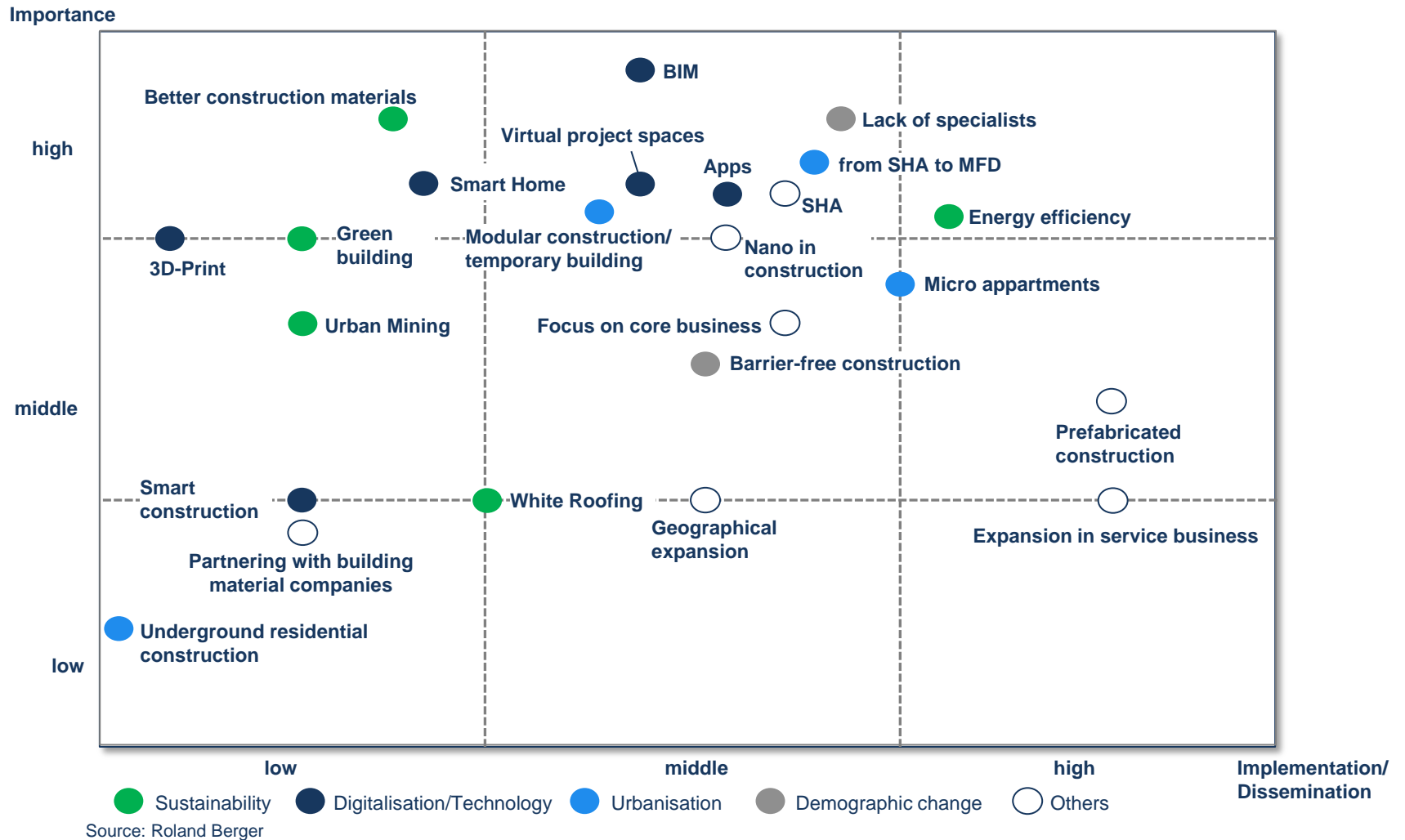
Order backlog by region, EURm



Production output by region, EURm



Year 2016: Challenges of the Future



SHA - sanitation, heating and air conditioning
 SFH - single-family house; MFD - multi-family dwellings



Market Trends and Drivers in the Construction Industry

Demographic factors / Urbanisation

- **Urbanisation** – the future of cities - drives the need for building infrastructure such as housing, transportation infrastructure, hospitality, energy, etc.
- **Growing population**, changing demographic structure



Consolidation / Anticipating Tomorrow

- **Strengthening core and/or further diversifying via small and mid-cap companies**
- **Realising potential** through restructuring, economies of scale divesting non-core assets
- **Size, scale and pace**



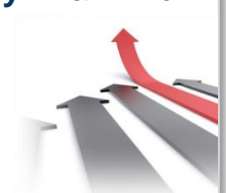
Innovation & Digitalisation

- **Competitive advantage** through innovation
- Natural market entry barriers in terms of **size and IT infrastructure**
- **Digitalisation** of the construction process facilitated by topics as **BIM** as a **key driver of the future** transformation



Sustainable Construction / Think Green

- Environmentally-driven changes in terms of **quality and sustainability**
- **Growing focus on energy efficiency** in all kind of buildings (new and existing) – increase the need for **innovative information technologies**



Digitalization and Construction – Achieving Long-Term Value Added

**Construction
site of the
future**

- **Digitalization** of internal organizational workflows (e-billing, e-commerce, standardized workflows):
 - helps to manage and utilize all kind of information
 - provides new opportunities to be leaner and faster
 - drives higher financial performance whilst increasing productivity and reducing failures

- **BIM (Building Information Modelling):**
 - is a **process** - from planning, calculation, construction workflow and logistic
 - 5D – linked to **time, cost and quality**
 - a precise **project management tool**
 - increasing **transparency and efficiency** of the planning and construction process

**PORR with a leading
role in the field of
digitalization:
Positioning itself
for the future**

Construction company as a project manager in a digital world

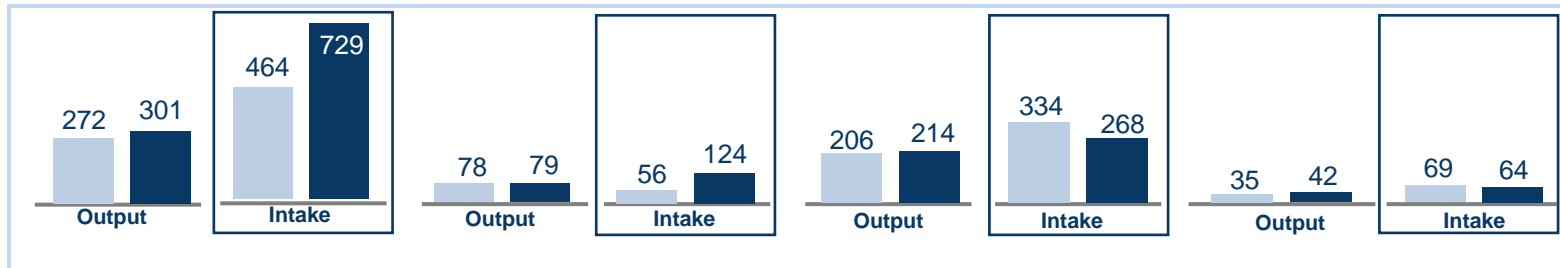
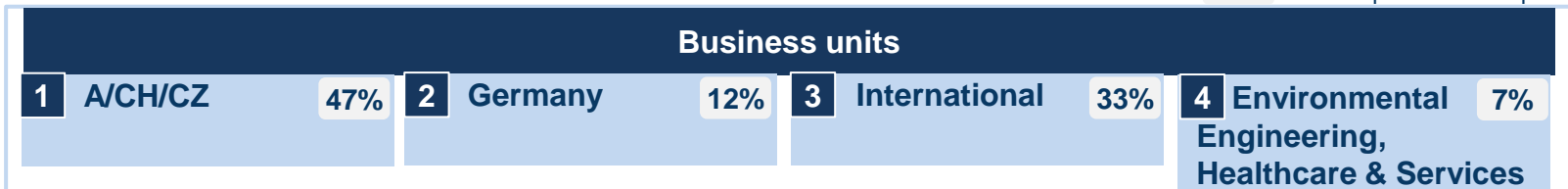
03

Operational Performance



Increased Production Output and Strong Order Intake

...% share of production output



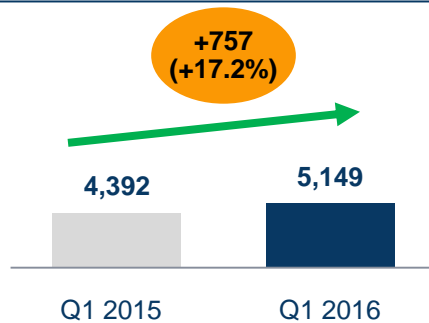
■ Q1/2015 ■ Q1/2016

Top market position in Austria	PORR's second largest market	Strong technical leadership	Active in niches
<ul style="list-style-type: none"> Active in the permanent markets of A/CH/CZ Focus is on the fields of residential construction, office building, industrial and road construction Growth in CH/CZ 	<ul style="list-style-type: none"> Market position has been consistently consolidated in recent years Growth strategy in the next years 	<ul style="list-style-type: none"> Export products: tunneling and slab track New order in Qatar: Al Wakrah Stadium New projects in Poland: Expressway S6, S7 and S8 	<ul style="list-style-type: none"> Production output increases among others because of demolition works, small activities in the field of PPP and health care projects

Highest Order Backlog in History

Order backlog and TOP 15 projects in Q1 2016 (EUR m)

Backlog



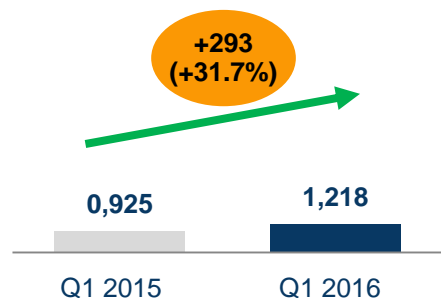
Selected projects	Country	EUR m ¹	Entry	Duration	POC
Metro Doha "Green Line"	QA	944	Jun-13	Jun-18	49.0%
KAT 3 Koralm tunnel	AT	297	Jun-13	Jul-20	31.2%
"Stuttgart 21" Filder tunnel	DE	266	Jul-11	Jul-20	28.3%
Tunnel Alaufstieg	DE	235	Oct-12	Feb-19	48.6%
Al Wakrah stadium	QA	202	Feb-16	Nov-18	0.4%
Slab track General	QA	162	Jun-15	May-18	10.5%
Europaallee ZH Lot 1 – 4	CH	153	Feb-15	Jun-20	12.7%
Emscher BA 40	DE	144	Dec-13	Apr-19	48.4%
Europaallee ZH Lot F	CH	130	Feb-16	Mar-19	0.7%
Expressway S 17 Ryki	PL	117	Nov-15	Jun-19	0.6%
Slab track Coburg Ilmenau	DE	103	Nov-12	Jun-16	91.6%
"Stuttgart 21" Lot 2a/3	DE	99	Jul-12	Dec-18	27.7%
Expressway S 6 Koszalin	PL	99	Mar-16	Jul-18	0.0%
Hospital Vienna North	AT	98	May-12	Mar-17	93.6%
Motorway Sebes-Turda	RO	96	Apr-14	Mar-17	48.3%

¹ Stated values are project values attributable to PORR at time of contract awarding

Order Intake increase by 31.7% over all Business Units

Order intake and TOP 12 projects in Q1 2016 (EUR m)

Intake



Selected projects	Country	EUR m ¹	Entry	Duration
Al Wakrah Stadium	QA	202	Feb-16	Nov-18
Europaallee ZH Lot F	CH	130	Feb-16	Mar-19
Expressway S 6 Koszalin	PL	99	Mar-16	Jul-18
Expressway S 8 Poręba-Ostrów	PL	54	Feb-16	Jul-18
Hotel Mucon, München	DE	53	Feb-16	Aug-18
La Tête, Düsseldorf	DE	44	Mar-16	Oct-17
Schlossquartier, Kiel	DE	39	Feb-16	Nov-17
Orhideea Towers, Bucarest	RO	33	Feb-16	Nov-17
Expressway S7 Metrostav	PL	24	Mar-16	Oct-18
HNB Schenker am CCG	AT	18	Feb-16	Dec-16
Euro Plaza Lot 6	AT	13	Feb-16	May-17
The Icon Vienna, Facade	AT	12	Mar-16	Jul-18

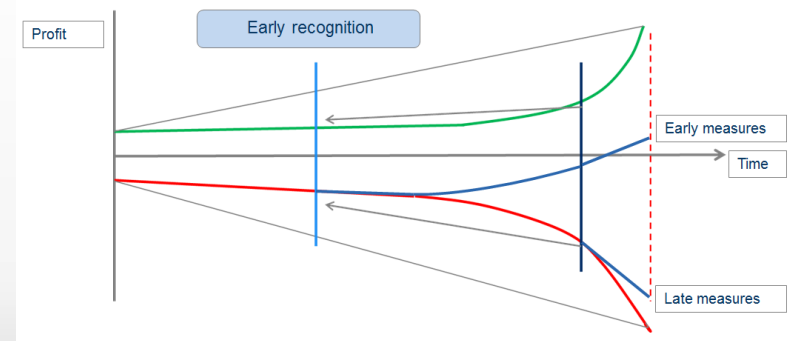
¹ Stated values are project values attributable to PORR at time of contract awarding

Comprehensive Control and Steering Mechanisms Established

Control and steering mechanisms

Tender

- Established detailed directives and checklists for risk recognition (contract, client, etc.)
- Implemented consistent company-wide risk pricing methodology
- Decision control – project approval on different executive levels depending on order volume



Tender



Offer



Group Level

Offer calculation

- Introduced minimum profitability targets on project level – adjusted margin risk control
- Risk evaluation via risk matrix and detailed analysis

Project risk management

- Regular risk review committee meetings to discuss exposure
- Implementation of specialized risk managers per business unit
- Stress testing of aggregate project risks on group level

04

FINANCIAL SECTION



Consolidated Income statement

EUR thd

	2014	2015	Q1 2015	Q1 2016	Δ %
Production output¹	3,474,885	3,523,752	591,608	648,322	+9.6%
Revenues	3,009,118	3,139,687	528,800	598,258	+13.1%
Material costs + Purchased S.	-2,026,001	-2,060,827	-344,395	-378,498	+9.9%
- Material costs	-680,195	-651,443	-102,249	-103,136	+0.9%
- Purchased services	-1,345,806	-1,409,384	-242,146	-275,362	+13.7%
Staff costs	-752,960	-807,638	-156,000	-175,427	+12.5%
Other operating results	-73,733	-105,280	-21,059	-31,423	+49.2%
EBITDA	156,424	165,942	7,346	12,910	+75.7%
EBITDA² % resp. Δ in EUR	4.5	4.7	+5.6		
Depreciation	-74,716	-78,172	-17,420	-18,754	+7.7%
EBIT	81,708	87,770	-10,074	-5,844	+42.0%
EBIT² % resp. Δ in EUR	2.4	2.5	+4.2		
Financial result	-15,608	-6,657	-1,960	-4,153	+111.9%
EBT	66,100	81,113	-12,034	-9,997	+16.9%
EBT² % resp. Δ in EUR	1.9	2.3	+2.0		
Taxes	-17,542	-20,069	0,455	1,806	+296.9%
Periodic result	48,558	61,044	-11,579	-8,191	+29.3%

1 Output of consortiums and all associates are included proportionally in production output which deviates from revenues according to IFRS

2 Margins calculated on production output

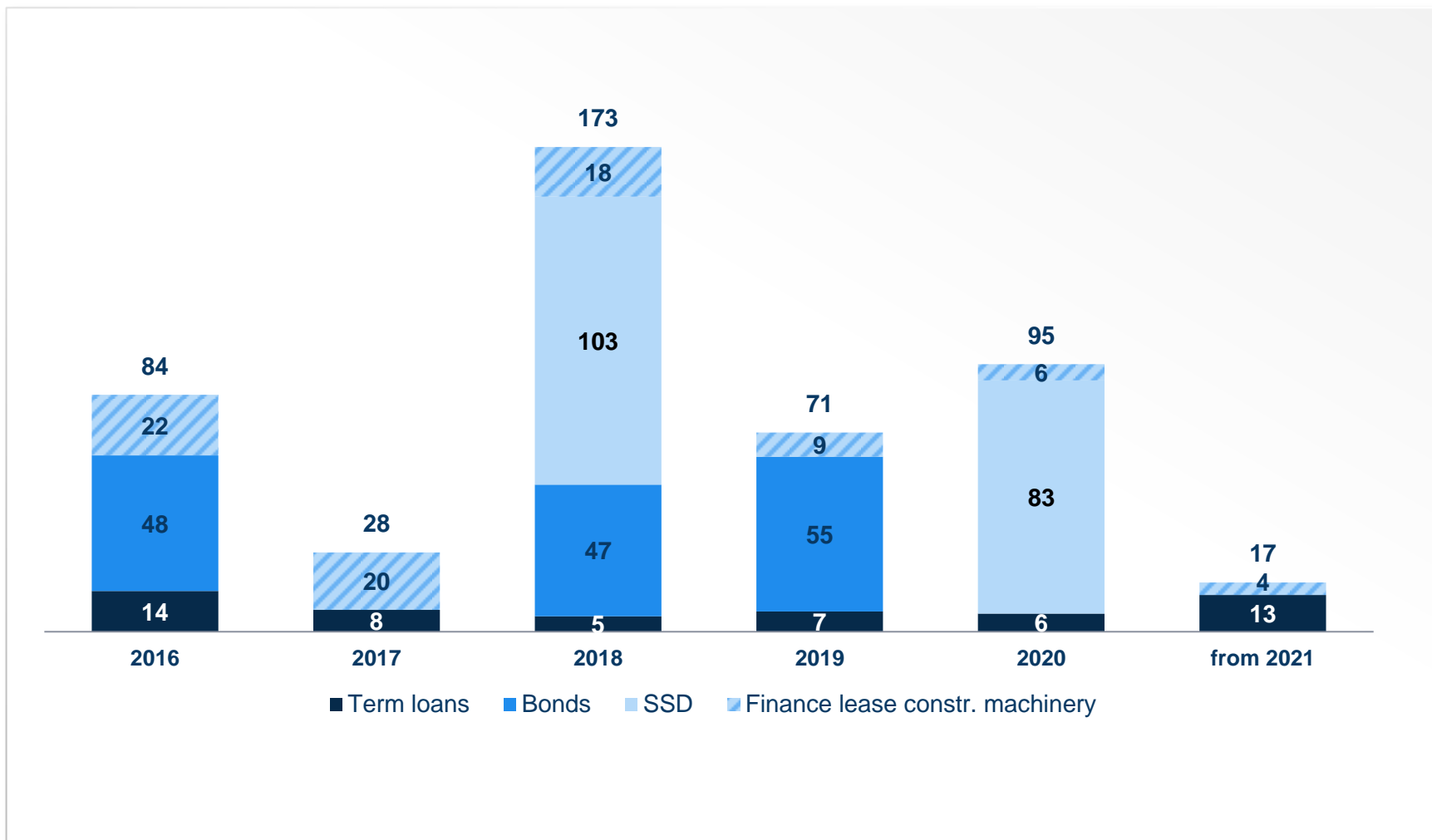
Consolidated Balance Sheet

EUR thd

		<u>31.12.2013</u>	<u>31.12.2014</u>	<u>31.12.2015</u>	<u>31.03.2016</u>
Assets	Long-term assets	1,068,659	728,013	715,871	723,215
	Short-term assets	1,227,811	1,418,017	1,588,126	1,387,556
	Total assets	2,296,470	2,146,030	2,303,997	2,110,771
Liabilities & equity	Equity (incl. non-controlling interest)	347,662	385,171	412,118	403,397
	Long-term liabilities	668,692	408,830	551,655	538,522
	Short-term liabilities	1,280,116	1,352,029	1,340,224	1,168,852
	Total assets	2,296,470	2,146,030	2,303,997	2,110,771
Ratios	Net debt¹(EUR m)	357	-65	-187	38.1
	Equity ratio (%)	15.1	18.0	17.9	19.1

¹ Bonds plus financial liabilities less cash and cash equivalents

Strong Liquidity and Well-balanced Financial Liabilities Profile¹



¹ Maturity profile of Porr's financial liabilities as of 31.03.2016 (in EUR m) per calendar year

Unique Step in Austria – First Scrip Dividend Ever: PORR Increases Ordinary Dividend and Offers an Additional Extraordinary Scrip Dividend

Dividend

- PORR proposed the AGM on 24th May an ordinary **dividend of EUR 1.00** as a cash payment – an increase by 33%
- In addition, PORR offered its shareholders an unique **extraordinary dividend of EUR 0.50 in form of a scrip dividend**



The way scrip dividend works

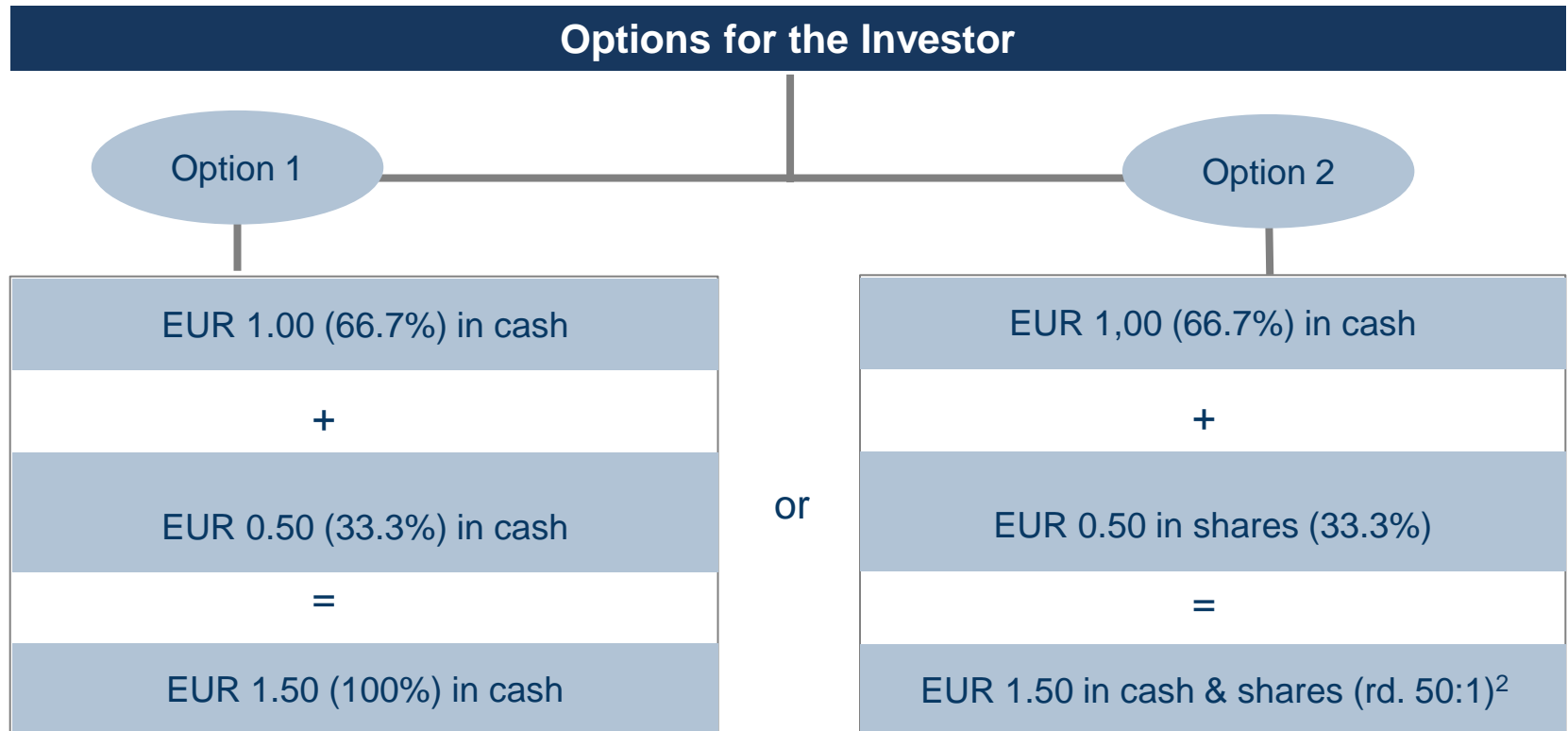
- Shareholders can **elect** to reinvest EUR 0.50 dividend in shares or cash
- PORR will use only treasury shares for scrip dividend
- No new shares are issued
- Reinvest price will be set after the subscription period and close to market price
- Shareholders with no sufficient number of shares will receive dividends in cash in any case



Next steps

- A **subscription period of two weeks** in June starts after the positive resolution at AGM on 24th May
- **Subscription ratio** will be determined after the end of the subscription period

Scrip Dividend¹: What Happens From an Investors' Point of View?



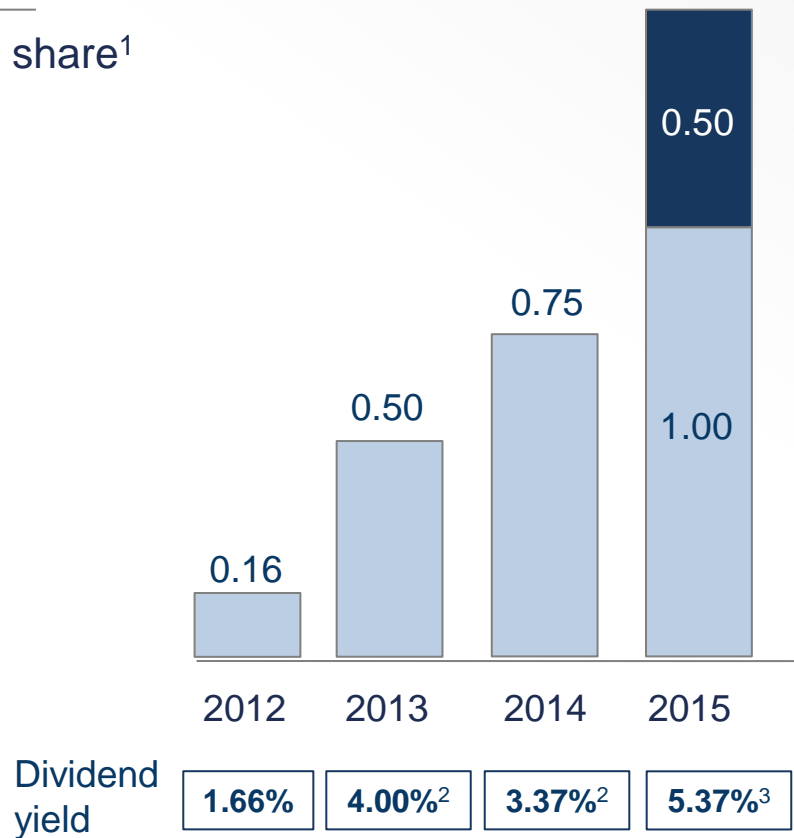
1 Taxation of the total dividend of EUR 1.5 can be settled from the cash dividend per share

2 Assumption of a reinvest price of EUR 25.0; the actual reinvest price will be set shortly after the end of the subscription period closely oriented to the prevailing share price.

Sustainable Dividend Policy

Dividends

Dividend per share¹
(in EUR)



1 Adjusted to share split 2015 to allow better comparison

2 Restated excl. discontinued operations

3 Dividend yield including scrip dividend

05

KEY TAKEAWAYS



Key Strategic Priorities 2016

- 1 Continued focus on home markets**
Growth potential especially in Germany, Poland, Czech Republic and Switzerland
- 2 Exploiting new growth opportunities via export products**
New target markets as UK and Scandinavia in the fields of tunneling, bridge, slab track and foundation engineering
- 3 Drive revenue growth and underlying operational excellence**
Small- and mid-sized acquisitions, improving working capital, continued performance management & process optimization via digitalisation
- 4 Maintain healthy balance sheet and strong liquidity base**
Improving cash management & maintaining net cash position for year end
- 5 The construction site of the future**
Digitalisation of the construction process from the start of design to the finish of the construction via focus on BIM (5D) and IT streamlining

IR Information for PORR AG

Share Information

Share price¹	26.44 EUR
Market capitalisation	769.27m EUR
Official market	Vienna Stock Exchange Prime Market
Number of shares outstanding	29,095,000
Ticker symbol	POS VI
ISIN	AT0000609607

Research Reports

Berenberg Bank	Kepler Cheuvreux
BaaderHelvea	HSBC
RCB	ERSTE Group
SRC	Steubing
Hauck&Aufhäuser	

Financial Calendar 2016

31.05.2016	Q1 2016
31.05.2016	Record Date Dividend
21.06.2016	Dividend payment for 2015
30.08.2016	H1 2016
29.11.2016	Q3 2016

IR Contact

For further information please contact
the department Investor Relations

T +43 (0) 50 626-1009
investor.relations@porr.at