

150
YEARS

Full Year Results 2018

building . master . pieces .

Investor Presentation
29 April 2019



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**We All Strive For an Individual Mindset.
Construction is All About.**



#1 Industry Trends - Re-Imagine Construction

1

10bn people will live by mid-century.
By 2030 two-thirds of the world will live in cities.

They will need somewhere to live.
They will need better infrastructure and living standards.

2

Impacts on eco- and social systems require sustainable construction.

Increasingly complex technical construction approaches.
Climate change, power supply or ageing population matter.

3

Clients have changed - more informed, pro-active, using smart tools.

They want individual solutions, greater flexibility and visibility.

4

Connected world. Connected people.

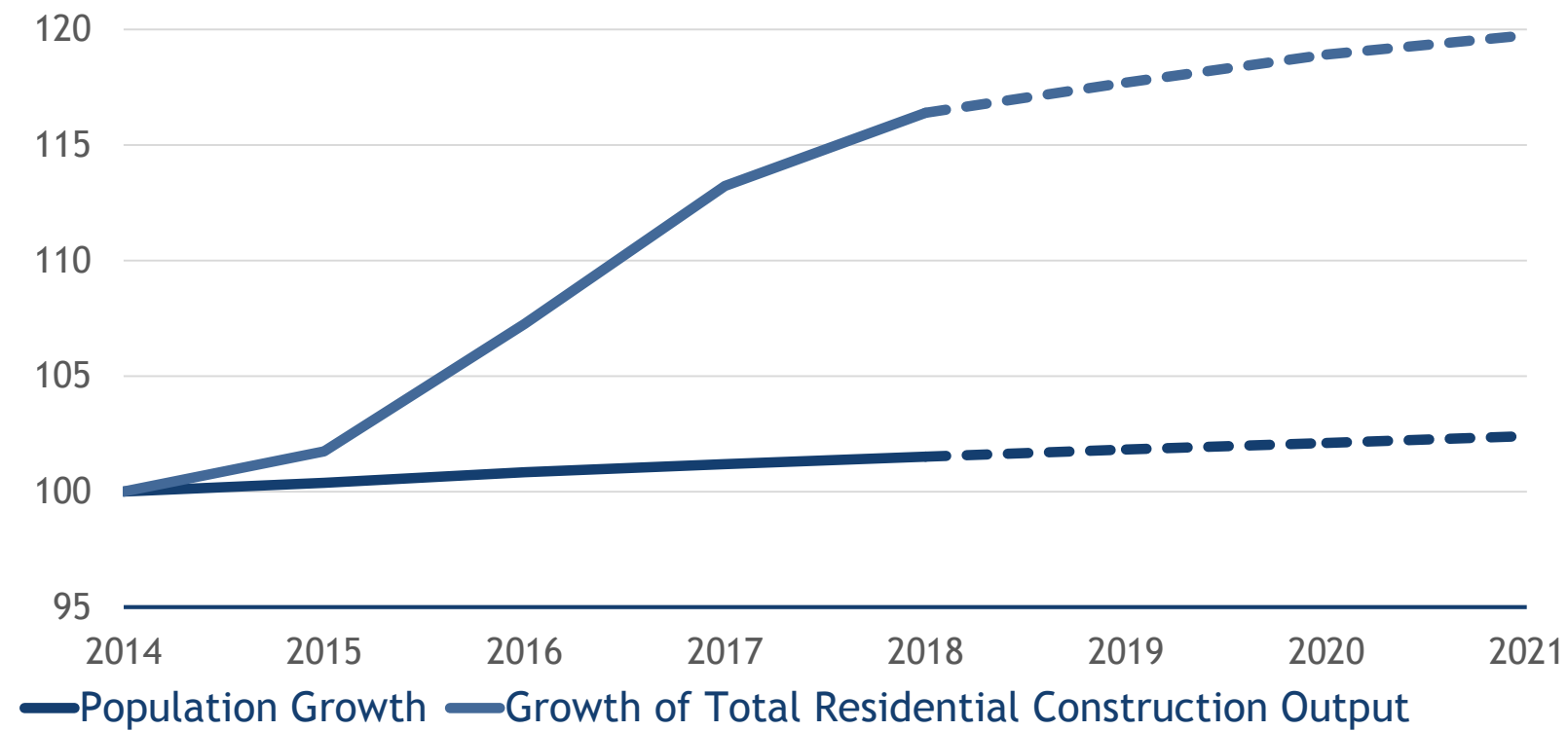
One million new internet users came online every day in 2018.
14bn connected things to be in use in 2019; 25bn by 2021.

Sources: UN Estimates, Global Digital Report 2019, Gartner Research

Construction Demand is Never Done

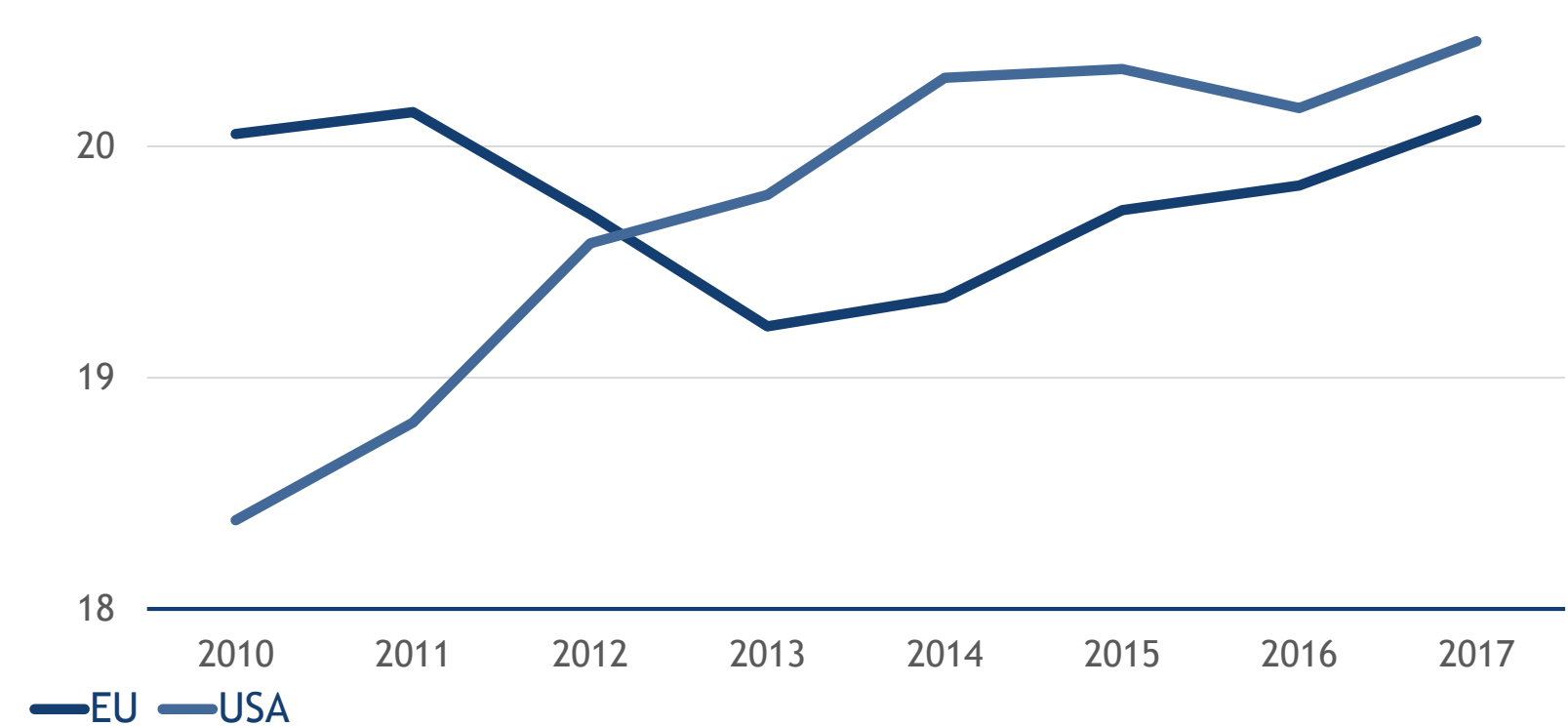
Residential

Indexed by 31.12.2014



Industry

Gross fixed capital formation (in % of GDP)

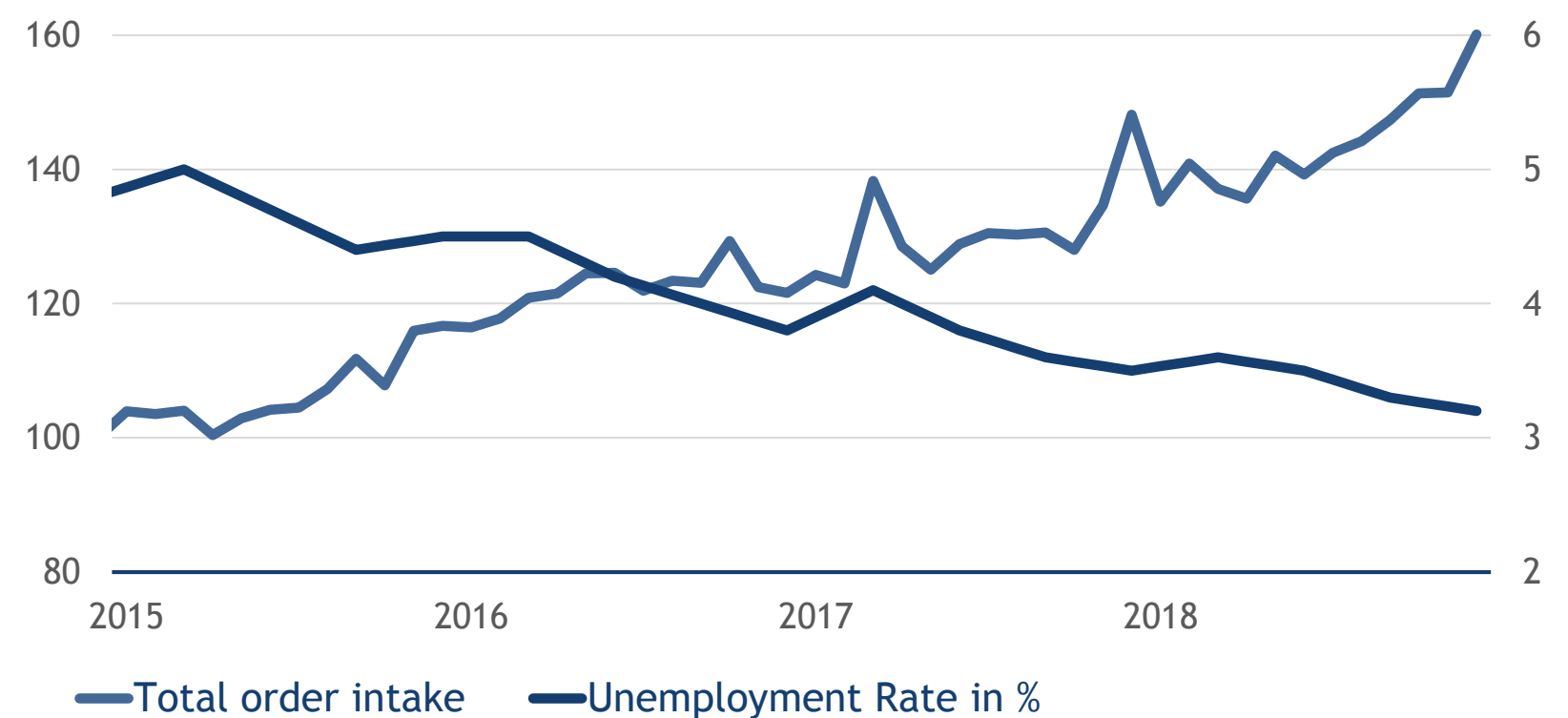


Infrastructure

- EU-investment needs p. a. 4.7% of GDP
- World energy demand +25% until 2040
- Share of renewables: 40% by 2040 (25% today)
- EU seaports: EUR 48bn investment-pipeline by 2027

Structural Gap of Skills

Development in Germany, order intake indexed by 31.12.2014



Sources: EIB, Euroconstruct, World Bank, Eurostat, Destatis



This Transition Calls for the Ultimate Allrounder

That's PORR's Approach

**The ultimate
allrounder**

Strength of the
total or general
contractor

Industry leader
in infrastructure

**Focus and grow
intelligent**

Increasing market power
in five home markets
in Europe

Long-term
relationships

**Faster and smarter
with technology**

Solving needs,
not selling services

Optimizing customer
lifetime value

Highlights 2018

Continuity in dividends - unchanged at top level

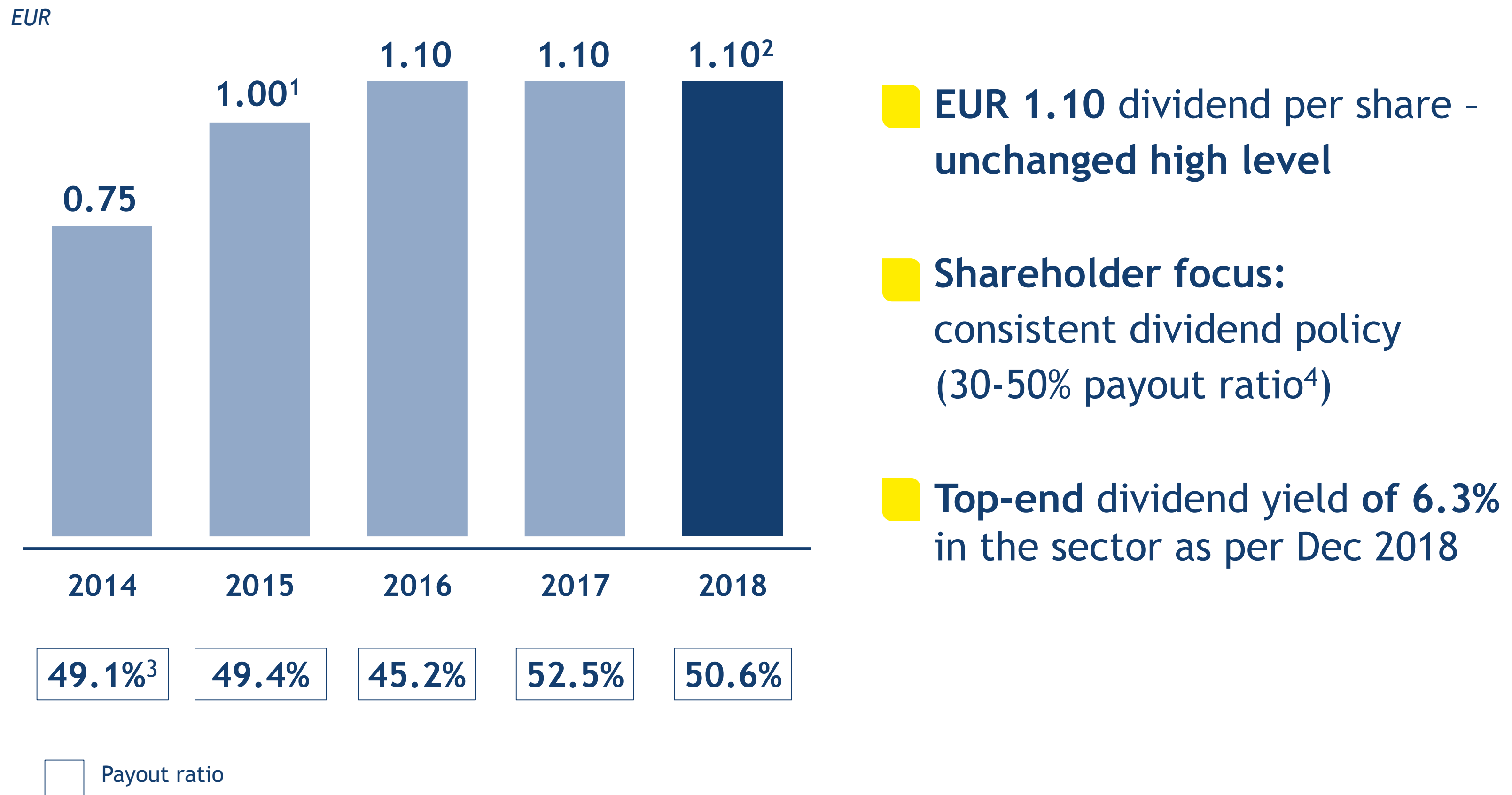
Record order book of EUR 7.1bn - selective, margin, teams

Stable EBT 2018 - though pressure on margins

Stable Net Debt and improved Cash Flow profile

Positive outlook 2019 - no end in demand in sight

Top Dividends: Continuity and Focus Pays Off



¹ In 2015 excluding additional scrip dividend

² Proposal to AGM

³ Restated excl. discontinued operations

⁴ Based on net profit and depending on M&A strategy

Milestones on the Path of Becoming Best-in-Class

The Way We Act

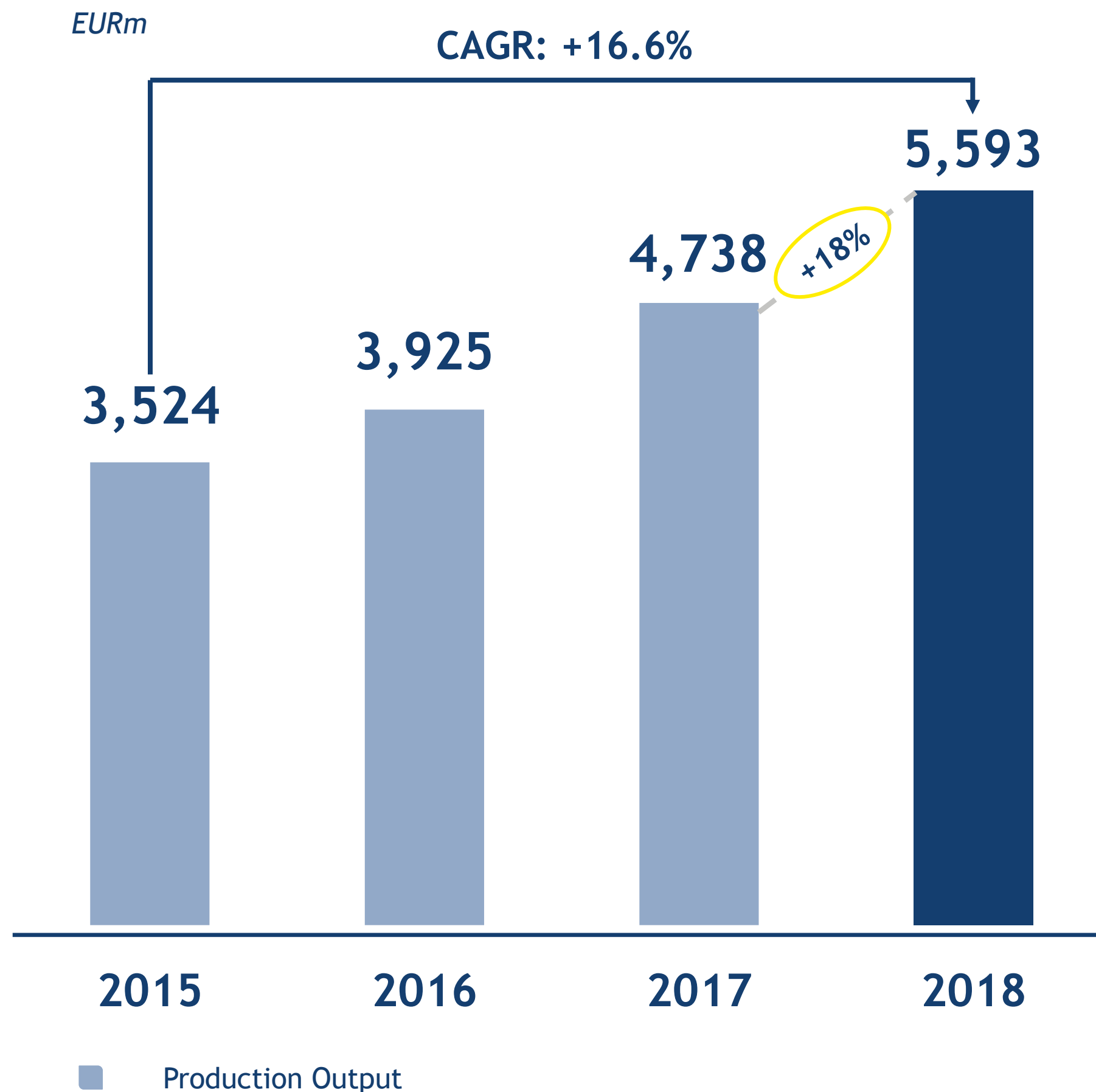
- New Lean Organisation
- New Culture
- Positive turnaround in Germany
- Focus on cash and working capital
- Standardised processes, technology

Project Management

- Selective in projects
- Margin before volume
- Focus on follow-up projects with secured teams and sub-contractors
- Steering costs and project risk assessment

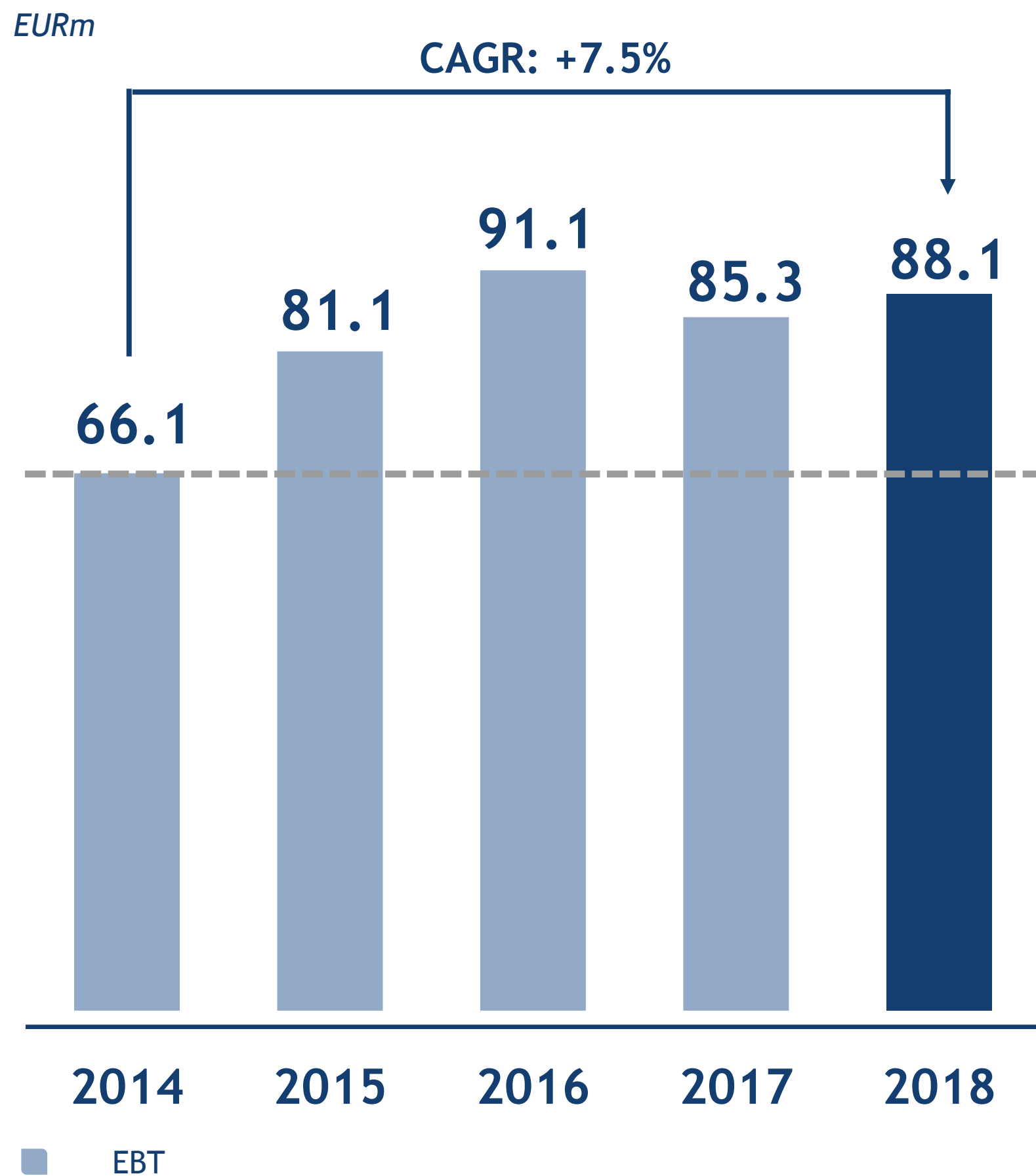
Operational Excellence

Sizeable Market Position - Growth Continues



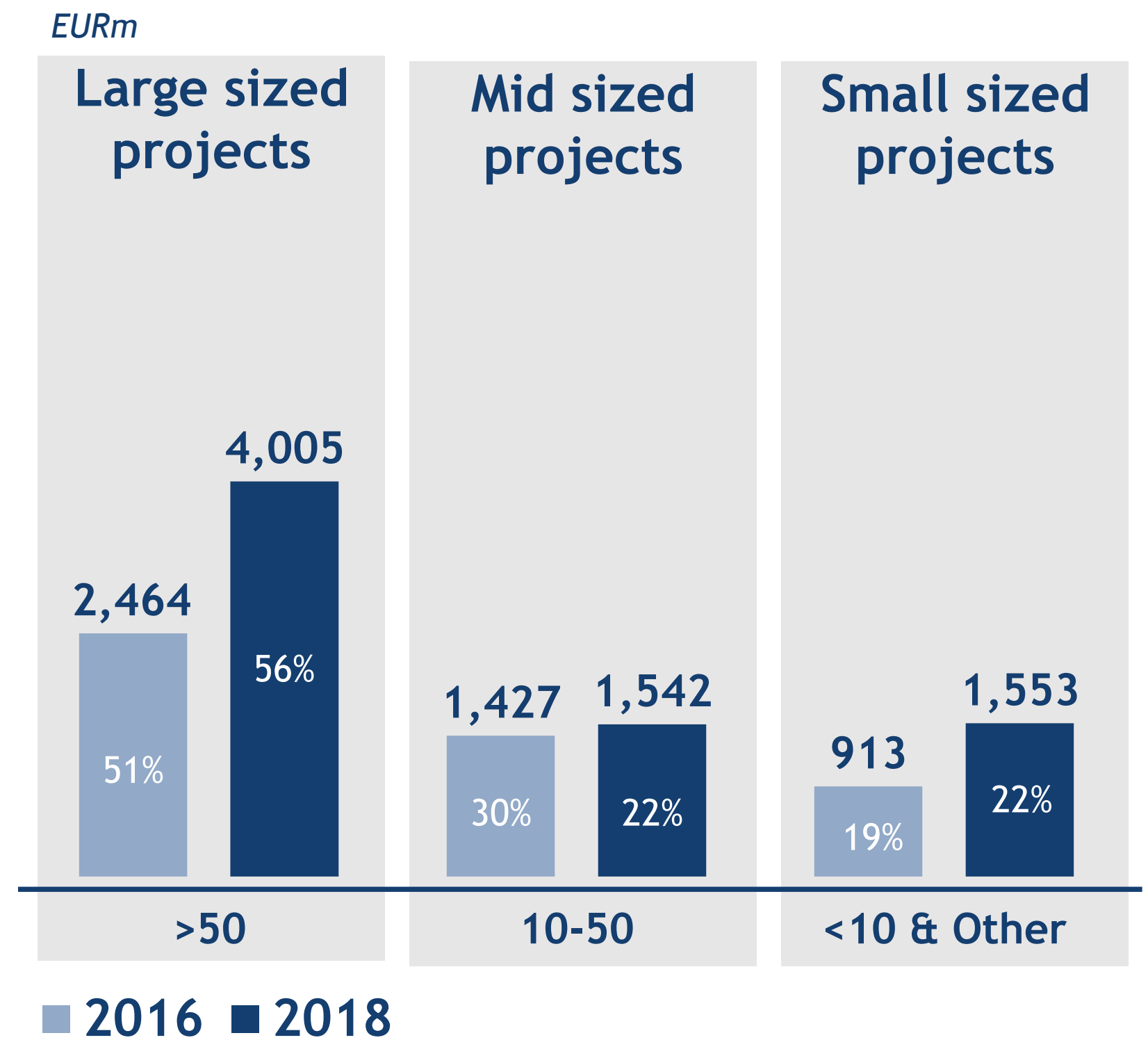
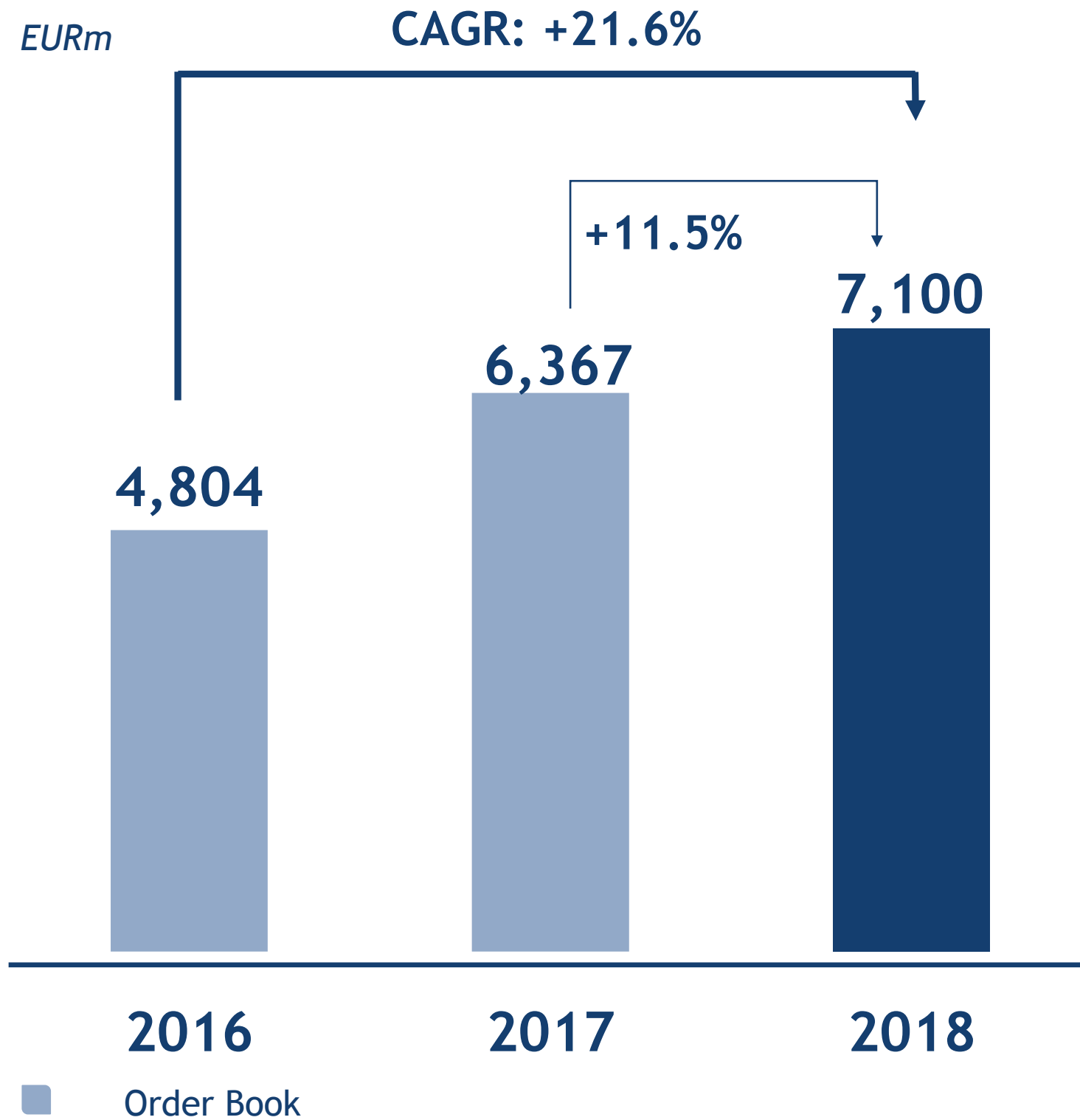
- Visible strong output growth dynamic over the past years
- Backed by record order book and driven by all business units
- Growth particularly in Austria, Germany and Poland
- Executing highest-profile infrastructure and industrial engineering projects

Stable EBT in a Challenging Environment



- Stable EBT of EUR 88.1m despite growing market challenges
- EPS up to EUR 2.17 (+3.8%)
- Germany on a recovery path - confirming strategy focus
- Poland remains challenging due to double-digit percent cost increases
- Focus on operational excellence to create sustainable value within the organisation

Strong Order Book - Power in Bidding



- Record order book of **EUR 7.1bn** - stable foundation for the future
- Selective tendering on projects - new projects with healthy margins

- Visible shift towards large-scale projects over the years - reflected in the current structure of receivables
- High share of projects in infrastructure and industrial engineering

High Level of New Orders Whilst Following a Selective Approach

Selected Projects	Country	EURm ¹	Completion
ARGE H61 Pfons - Brenner, Tyrol	AT	531.3	2024
S3 Expressway Bolkow - Kamienna Gora	PL	290.2	2023
FAIR ring accelerator, Preliminary Works	DE	207.0	2021
LK93 Railroad Czechowice - Dzierzice-Oswiecim	PL	115.5	2021
S61 Expressway Szczuczyn - Elk	PL	92.7	2021
Hydropower plant, Töging	DE	76.7	2023
NOC 2.3. Appartement building Regerstraße, Munich	DE	75.3	2023
A66 Salzbachtal Bridge, Wiesbaden	DE	64.7	2023
S6 Expressway Bozepole - Luzino	PL	63.8	2021
Ringroad, Nowe Miasto Lubaw	PL	62.1	2021

¹ Stated values are project values at time of contract award

Top Projects



- Brenner Base Tunnel, AT
- Schedule: 2018 - 2024



- S3 Bolków - Kamienna Góra, PL
- Schedule: 2018 - 2023



- FAIR Ring Accelerator, DE
- Schedule: 2018 - 2021



- Europaallee Zürich, CH
- Schedule: 2015 - 2019



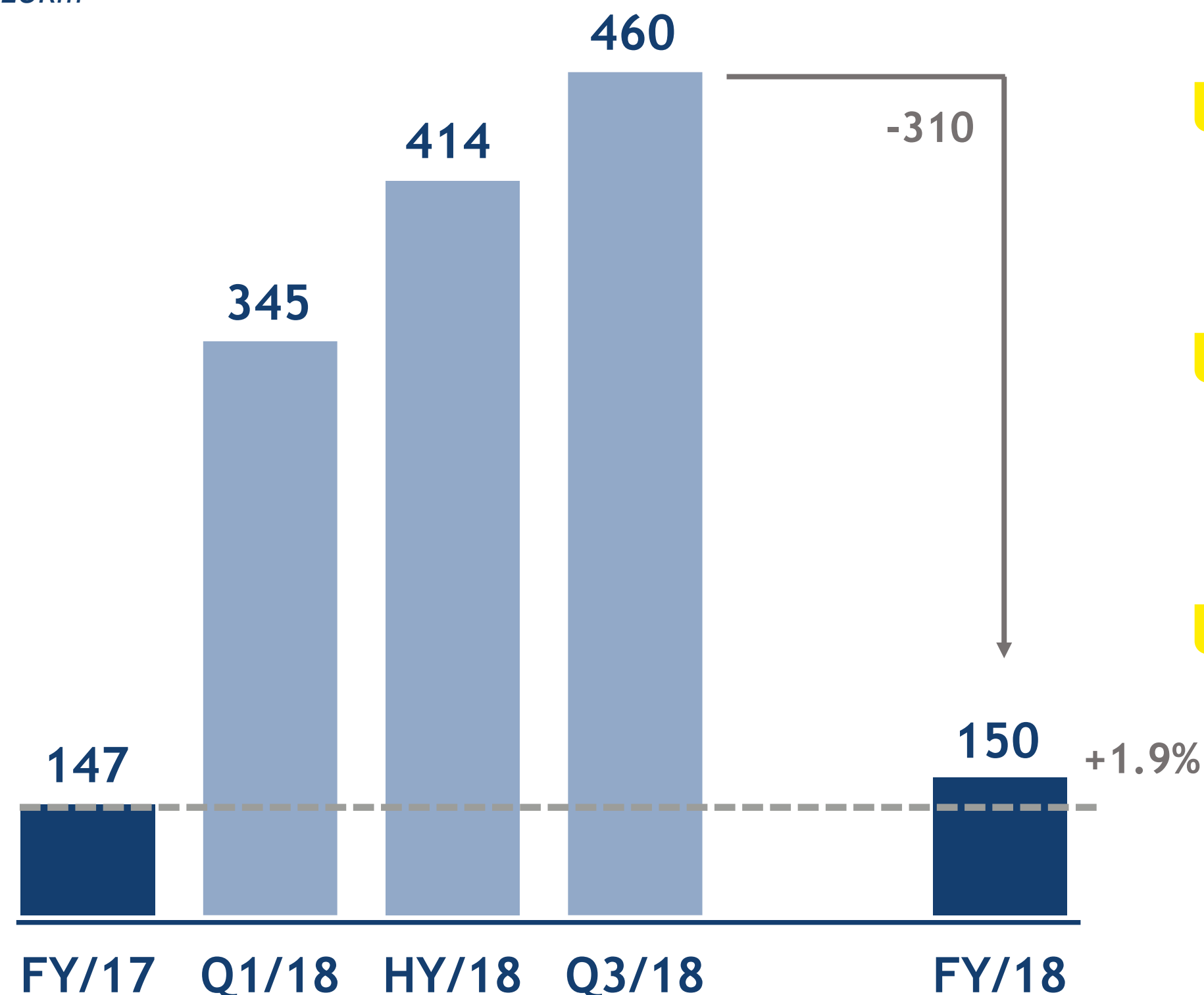
- Deep Tunnel Storm Water, QA
- Schedule: 2017 - 2020



- Hydro Power Plant, Töging
- Schedule: 2018 - 2023

Net Debt Successfully Steered

EURm



- Despite double digit production output growth, **net debt** increased only by **1.9%**
- **Financial profile was smoothed** - short and long-term financial debt was rolled out or repayed
- **IFRS 16 in 2019:** Additional lease liability of about EUR 200m will be recognized on balance sheet on Jan 1, 2019 (only accounting change, no cash impact)

Outlook 2019

Riding the wave - no end of construction boom in sight

Production output 2019: > EUR 5.6bn (moderate growth)

Focus on operational excellence

Mid-term margin goal of EBT 3.0%

Continuity in the dividend policy

About PORR

Five Home Markets - One Focus

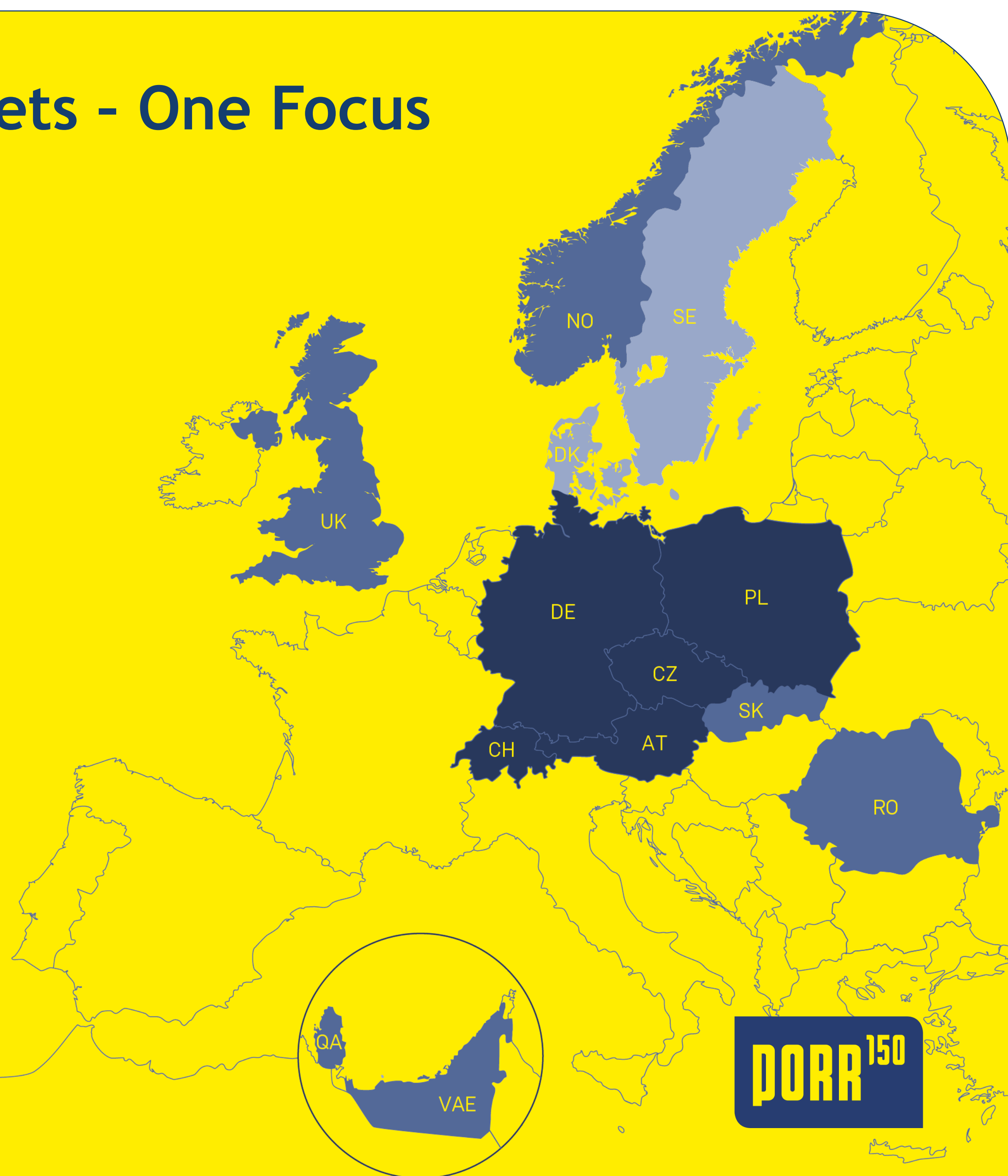
Construction
clear focus

EUR 7.1bn
order book

EUR 88.1m
stable EBT 2018

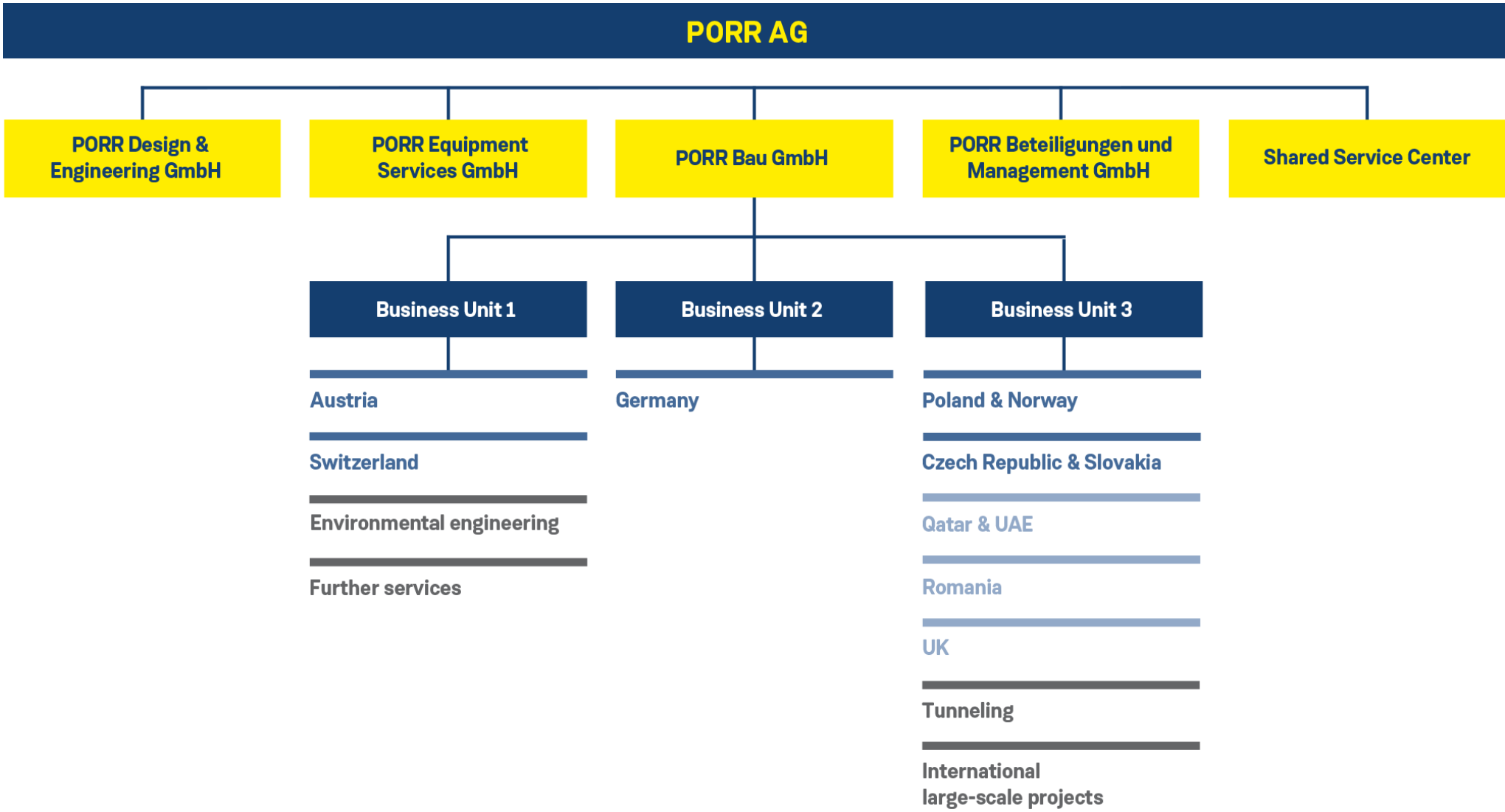
~ 20,000
employees

- Home markets
- Project markets
- Target markets



PORR - At a Glance

Organisational Structure as of 1 Jan 19



Key Facts FY/18

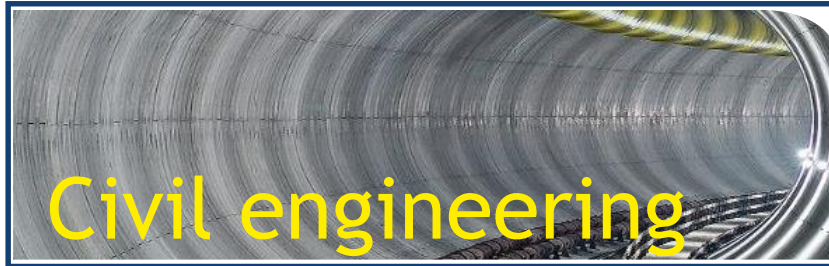
Prod. output
EUR 5.6bn
(+18.0%)

Employees
~19,014
(+7.3%)

Backlog
EUR 7.1bn
(+11.5%)

EBT
EUR 88.1m
(+3.3%)

PORR, a leading full service provider in the construction sector



Market Screenshot

Austria

- Economic boom, rising GDP forecast
- PORR as a **top league player**
- **Full order books** and opportunities across all construction sectors

Germany

- Economic **upswing** remains but limited due to **resource and cost constraints**
- Huge investment **backlog** in infrastructure and transport sector
- PORR as **major player** competing for civil engineering projects

Switzerland

- **Stable** economic development
- High **backlog** in building construction
- Demand for **non-residential, roads and railway** construction

Poland

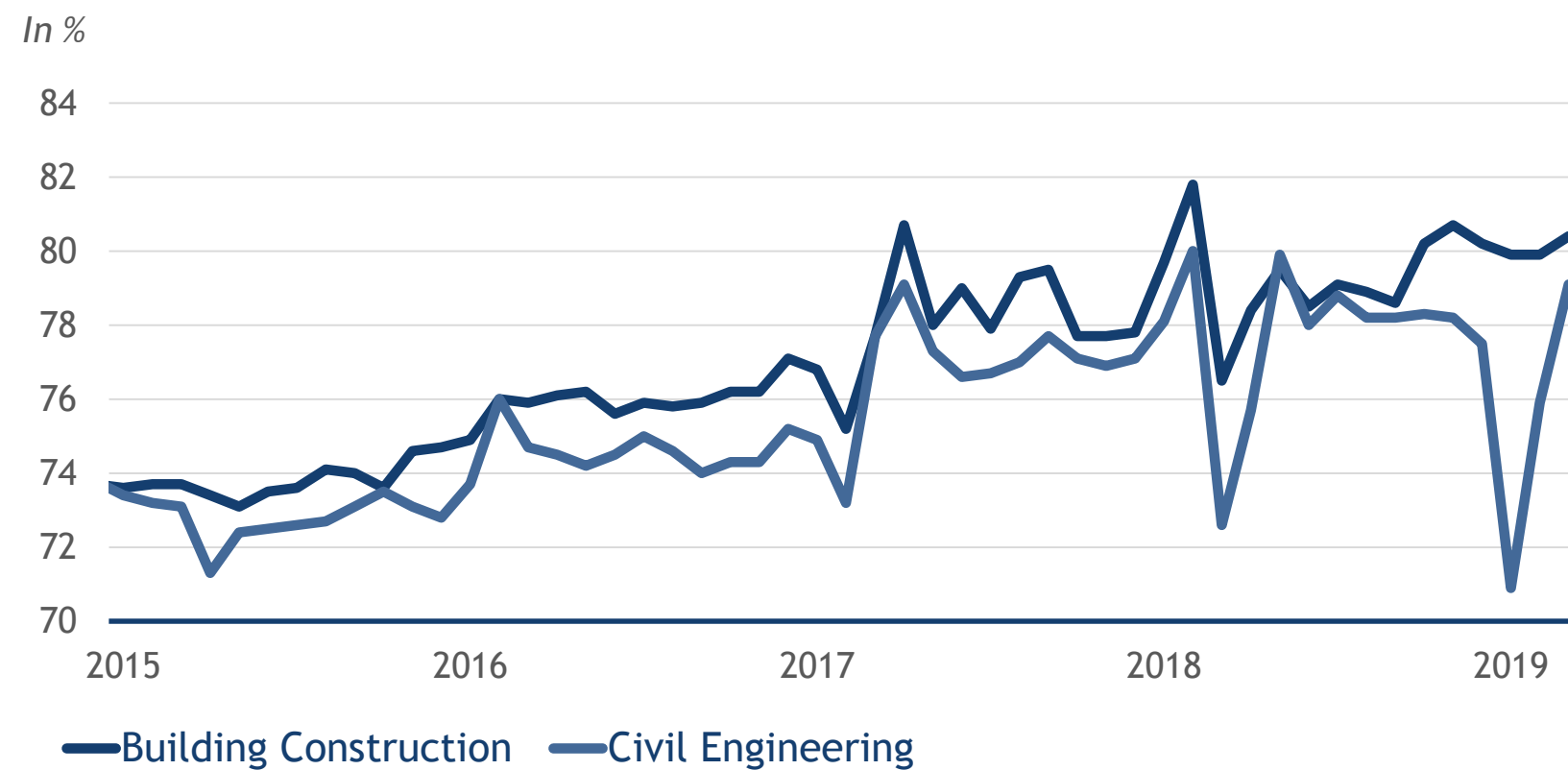
- **Strong economic upturn**
- **Most intense cost pressure** for materials as well as shortage of labour
- Infrastructure projects financed by **EU-Cohesion fund** until 2022

Czech Republic

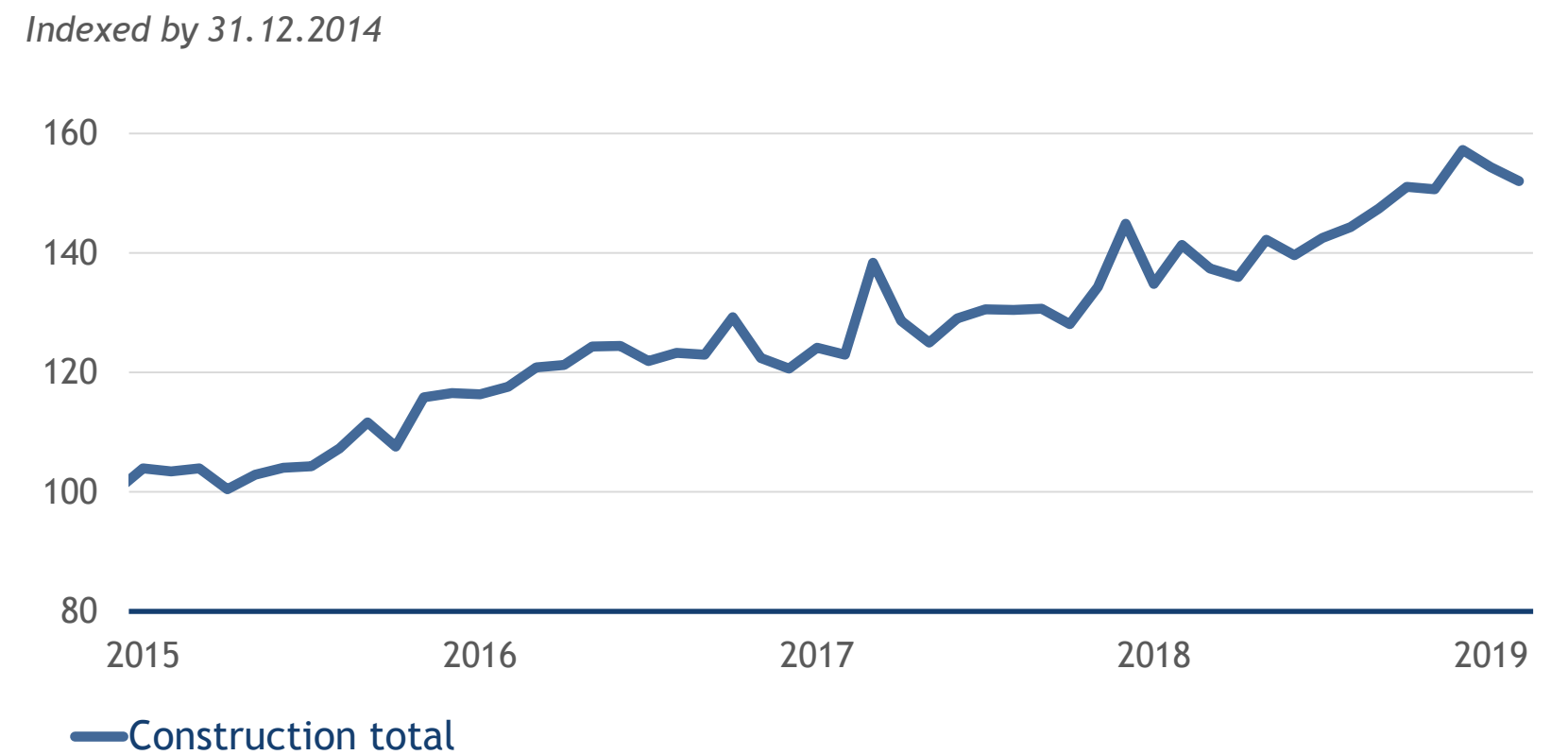
- **Stable** economic development is limited by **labour shortage**
- **New traffic infrastructure** projects to be launched to the market
- Alpine Bau CZ a.s. as a **strategic investment**

Germany - Potential in All Sectors Visible

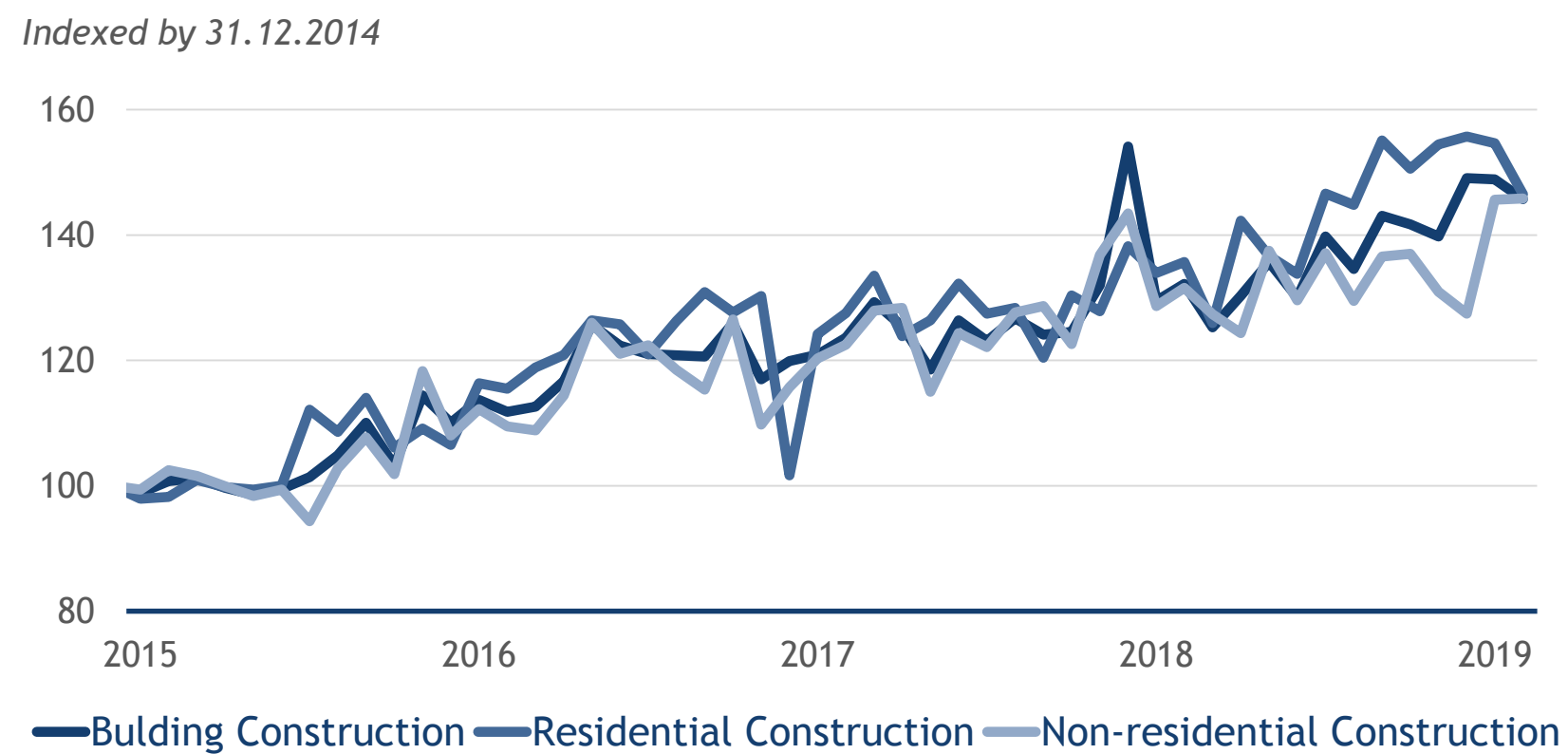
Capacity Utilisation



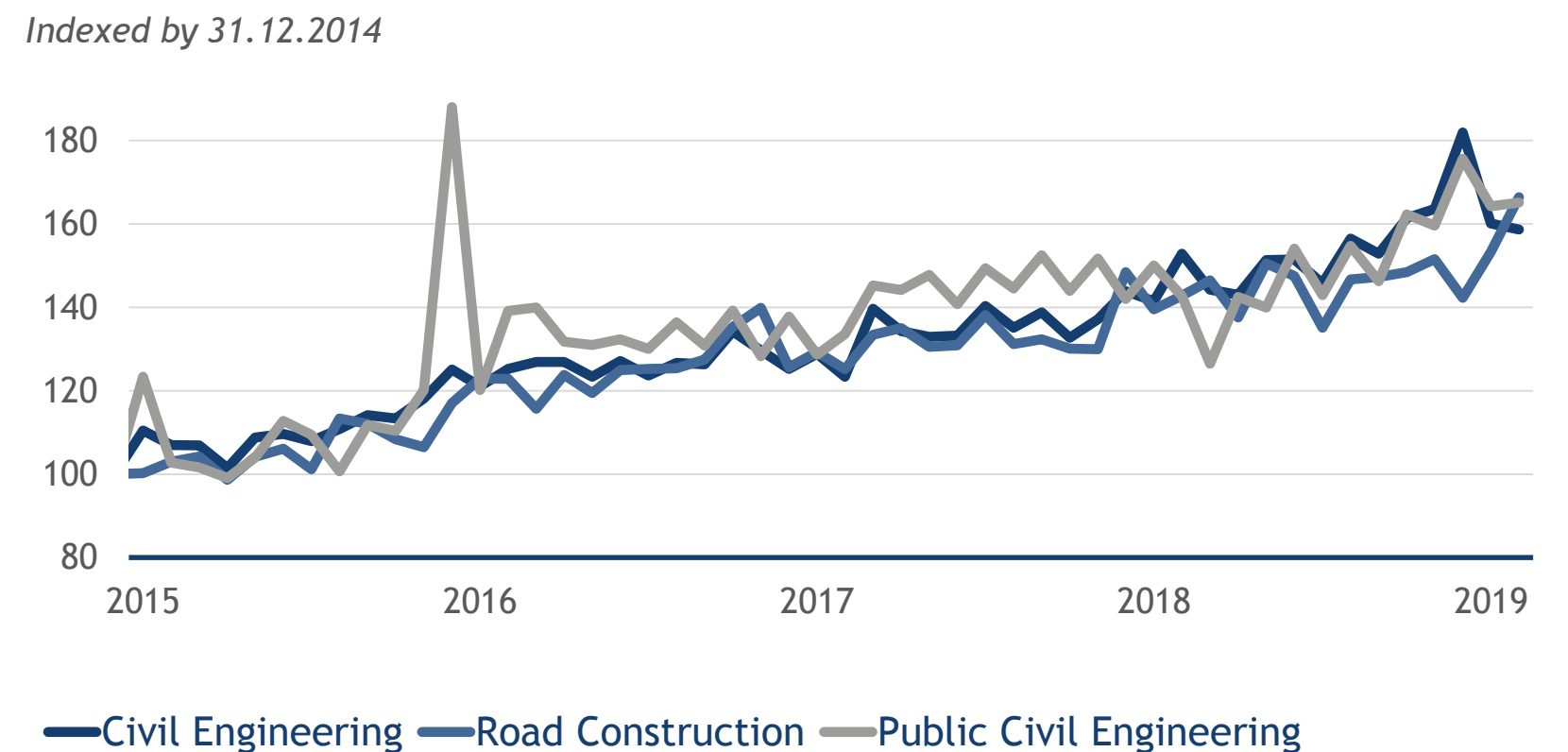
Order Intake



Building Construction



Civil Engineering



Sources: ifo Institut, Destatis, DIW

PORR as an Investment

Top tier in European Construction

- Market leader in Austria
- Strong position on five stable and growing home markets
- High investment backlog and mega trends support demand

150 years: Core competency construction

- Covering the entire value chain
- Full-service provider for complex infrastructure
- Record order books and full capacity utilisation

Focus on operational excellence

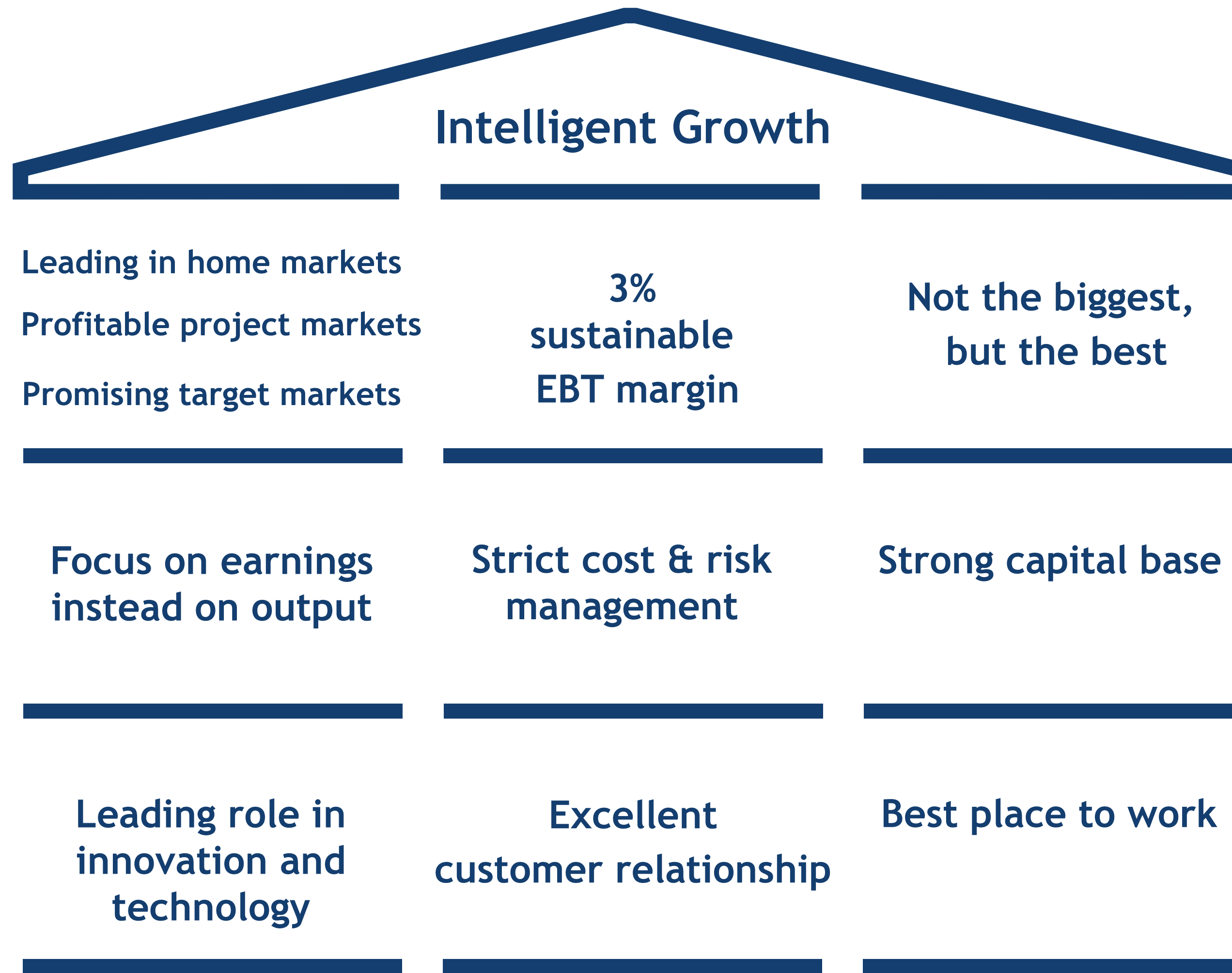
- Focus on profitability and a stable balance sheet
- Focus on risk management and well-balanced quality of orders
- Focus on process improvement via technology

Capital market matters

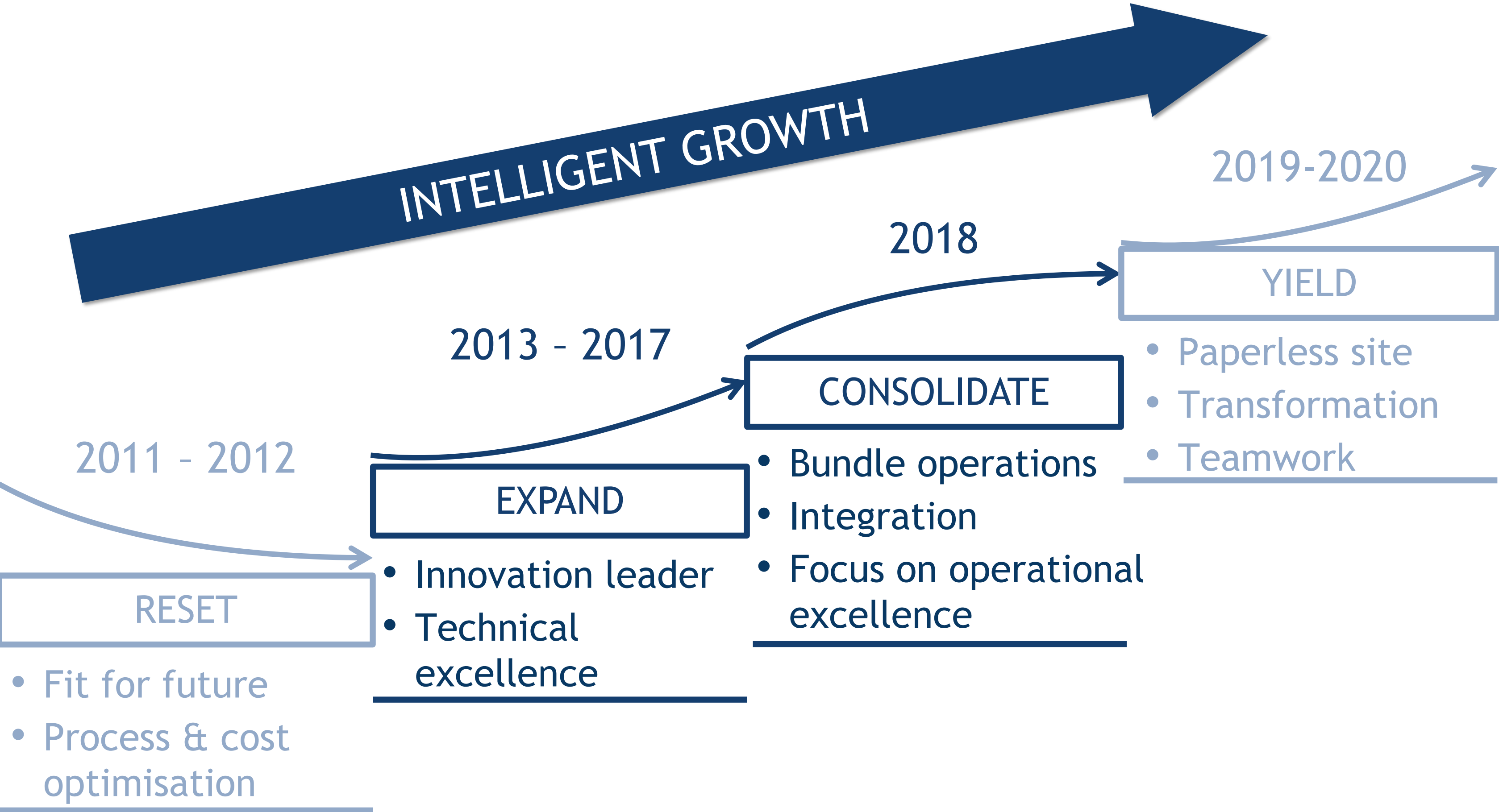
- Stable, long-term-oriented core shareholder
- Continuity in the payout ratio (30 to 50% of net profit)
- Shareholder value as key priority



No Change in Strategy - Focus on Execution



2018: Year of Consolidation



Addressing Critical Challenges for Operational Excellence

Technology driven by increasing customer need and cost pressure

PAPERLESS CORE

- Paperless workflows save time and cost
- Machine-2-Machine (IoT/connected equipment)
- PORR Apps

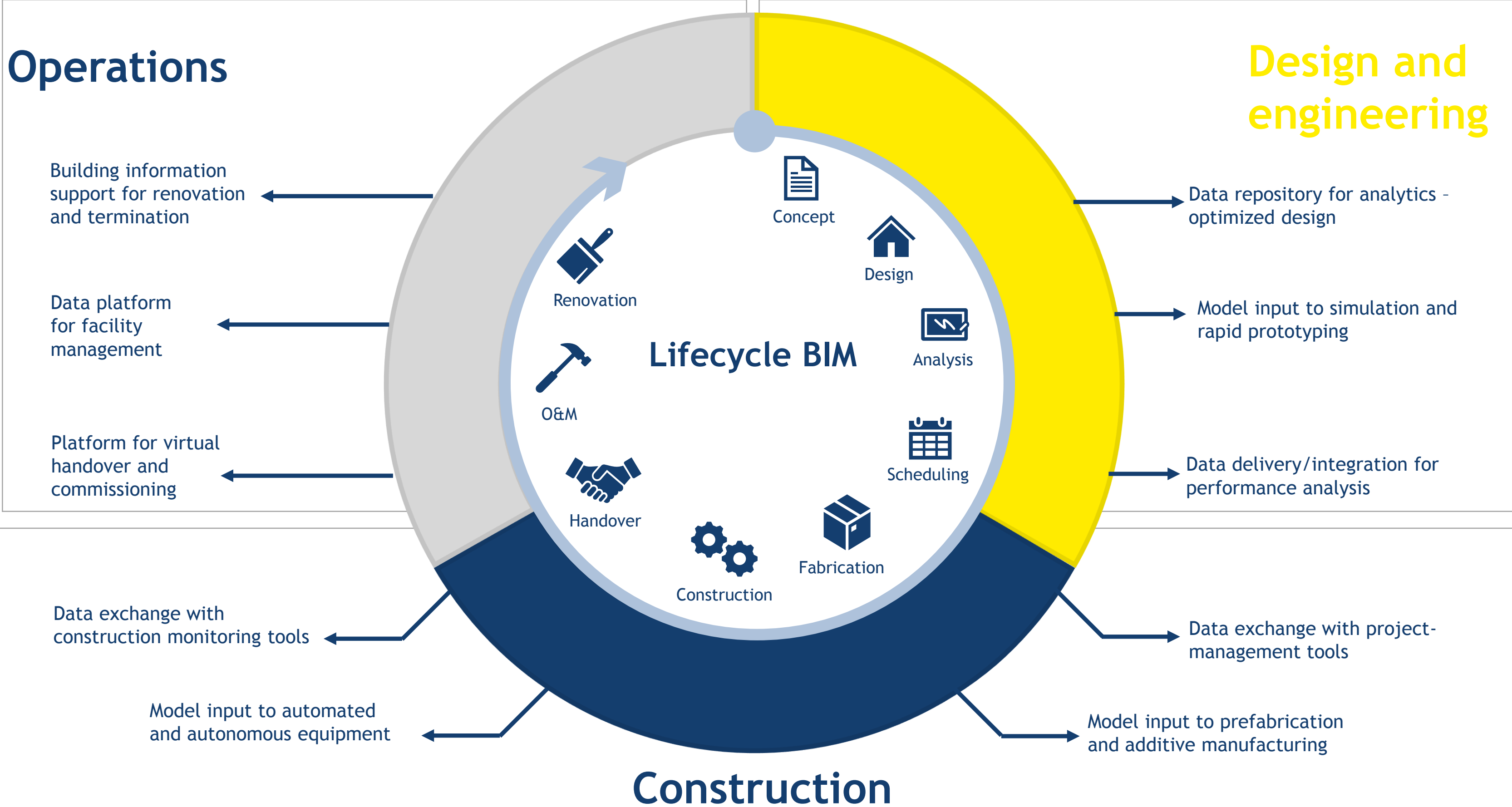
PLANNING/ ESTIMATION

- BIM 5D = 3D + time and cost/quality
- Increase transparency and efficiency along the whole construction process

LEAN CONSTRUCTION

- Full transparency
- Minimize waste of materials, time and effort
- Connected stakeholders

Building Information Modelling (BIM)



Source: BCG



LEAN @ BMW

PORR



ALIGNMENT TO.

- LEAN in Design & Construction
- Integrated BIM Model
- Collaboration and Partnering
- Supply Chain Involvement (off-site pre-produced material)

CUSTOMER FEEDBACK.

- Full Visibility (Live Track)
- Stability through Takt Planning
- Zero Claims
- Zero Delay
- Zero Days Schedule Deviation
- Great Team Spirit

PORR¹⁵⁰

Corporate Social Responsibility

DONE: KEY DATA 2018¹

- Increased share of women (+2.2PP)
- Reduced paper use (-7.9%)
- Improved number of training sessions (>95.000h)
- Efficient on-site safety system (+62% more reports)
- CDP² Rating B in climate change
- Higher amount of dangerous waste treated (+23.2%)
- bee@PORR: more than 30 venues with hives

VISION¹

- Sustainable economic success
- Positive and inclusive working environment
- Regular exchange with stakeholders
- Improved resilience towards the consequences of climate change
- Valuable contribution for future generations
- Improved ecological performance
- Sustainable and innovative products

¹ More detailed analysis can be found in the Corporate Sustainable Value Report 2018

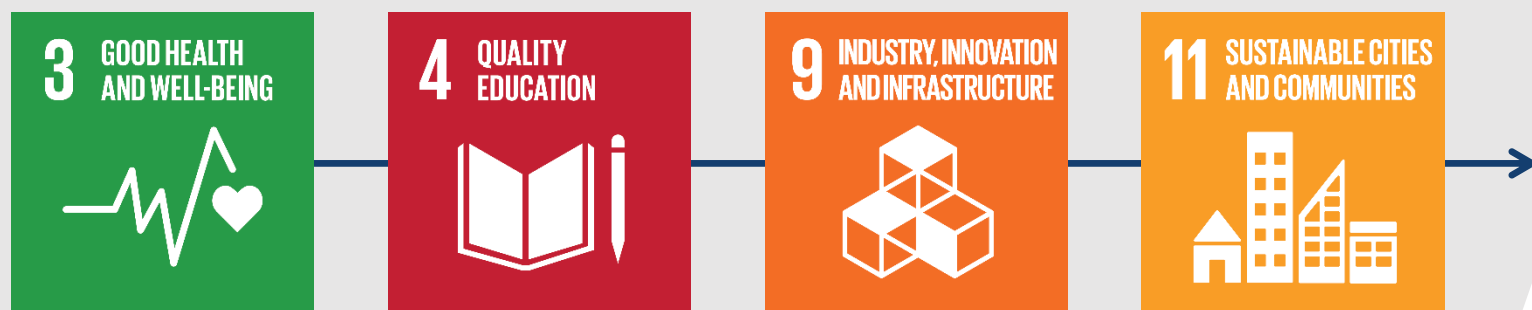
² Carbon Disclosure Project

Corporate Sustainability Goals

Priority 1



Priority 2



Priority 3



Adding value

- Long-term economic success
- Customer satisfaction
- Compliance
- Sustainable procurement

Recognising value

- Security and provisions
- Education
- Compliance with human rights
- Diversity and equal chances

Preserving value

- Energy and emissions
- Sustainable use of materials

Best Place to Work@PORR

WAR FOR TALENT

- Employees and clients require highly flexible organisations
- Demographics lead to a shortage of skilled employees
- Urbanisation results in a local concentration of demand

OUR ANSWER: BEST PLACE TO WORK - Concept

Work&Life@PORR

- Flexible models of working hours and leave
- Nursing and health support programs (smoke free environment, annual health day, childcare, carer's leave)
- Open space offices

porr_academy

- Attractive trainings for blue-and white-collar workers
- In-house education with digIT LearningMap
- Webinare, e-Learnings

Diversity-Table

Women@PORR: Training sessions, diversity trainings on management level, awareness campaigns

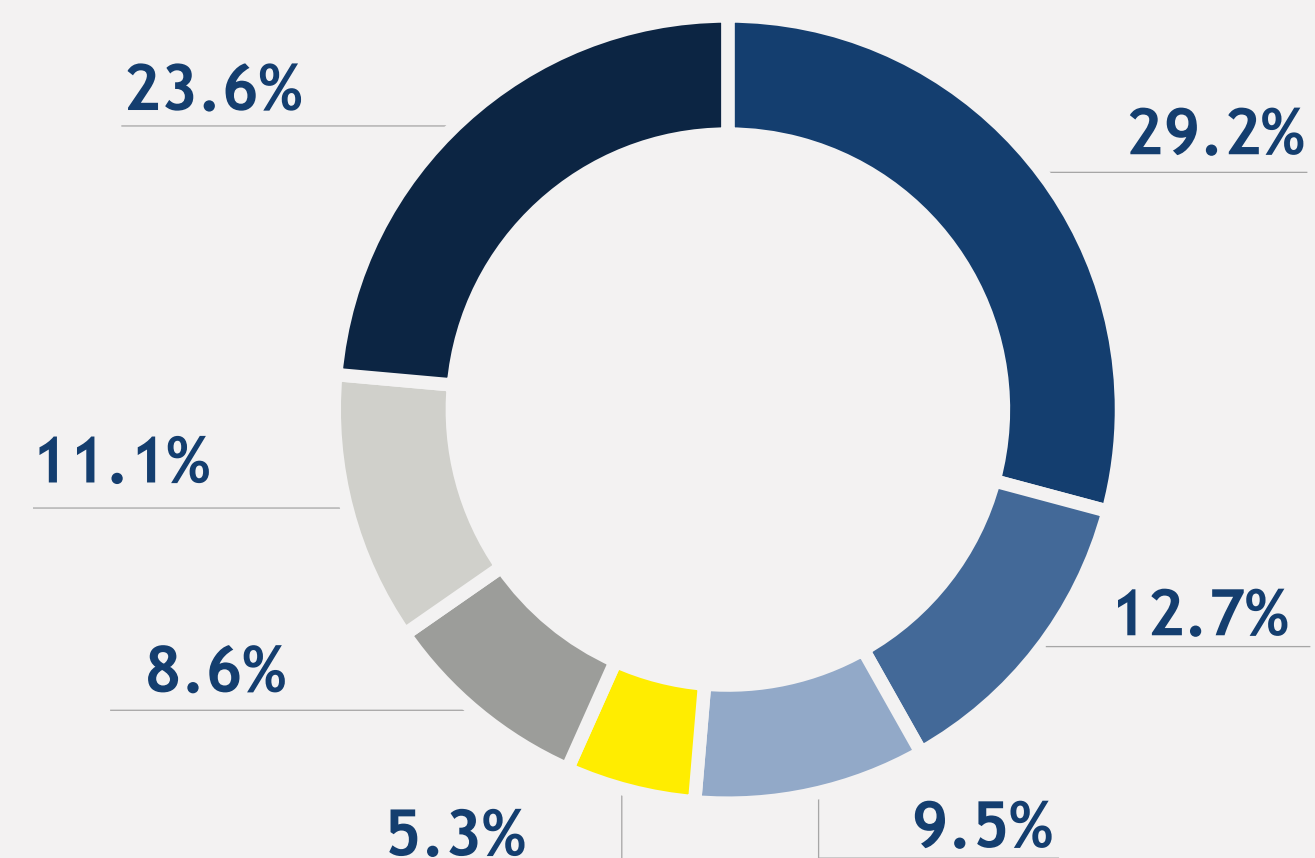
Stable Shareholder Structure

Ownership Structure



■ Syndicate (Strauss-Group, IGO-Ortner Group)
 ■ Free float

Free Float - Geographical Split



■ Austria
■ UK
■ Germany
■ France
■ Central and Northern Europe
■ US
■ Other

¹ of which 5.85% Heitkamp Construction GmbH, 4.05% Wellington Management Group LLP and 3.48% PORR Management and PORR AG (treasury shares)

Financial Performance

Key Financials

Key Earnings Figures¹ (EURm)	31.12.2018	% Δ	31.12.2017	31.12.2016
Production output	5,592.9	18.0%	4,738.2	3,925.3
Revenue	4,959.1	15.5%	4,292.9	3,417.1
EBT	88.1	3.3%	85.3	91.1
Net profit	66.2	3.9%	63.7	66.8
Key Assets and Financial Figures¹ (EURm)	31.12.2018	% Δ	31.12.2017	31.12.2016
Total assets	3,114.7	8.0%	2,884.8	2,362.1
Equity	618.2	3.6%	597.0	440.9
Equity ratio	19.9%	(0.8 PP)	20.7%	18.7%
Net debt/Net cash	150.2	1.9%	147.4	(53.3)
Key Share Data¹ (EURm)	31.12.2018	% Δ	31.12.2017	31.12.2016
Number of shares (weighted average)	29,095,000	-	29,095,000	29,095,000
Market capitalisation	507.4	(37.4%)	810.0	1,132.4

¹ Rounding differences can appear

Consolidated Income Statement

EUR m ¹	2018	2017	2016	% 18/17
Production output²	5,592.9	4,738.2	3,925.3	18.0%
Revenue	4,959.1	4,292.9	3,417.1	15.5%
Share of profit/loss of companies accounted for under the equity method	86.6	59.2	46.3	46.2%
Cost of materials and other related production services ³	(3,462.6)	(2,944.0)	(2,251.4)	(17.6%)
Staff expense	(1,178.8)	(1,036.1)	(874.1)	(13.8%)
Other operating result ⁴	(184.8)	(171.3)	(150.6)	(7.8%)
EBITDA	219.5	200.7	187.3	9.4%
- in % of Production output	3.9%	4.2%	4.8%	
Depreciation, amortisation & impairment	(127.1)	(110.5)	(87.3)	(15.1%)
EBIT	92.3	90.2	100.1	2.3%
- in % of Production output	1.7%	1.9%	2.5%	
Financial result	(4.2)	(4.9)	(9.0)	14.3%
EBT	88.1	85.3	91.1	3.3%
- in % of Production output	1.6%	1.8%	2.3%	
Taxes	(21.9)	(21.6)	(24.2)	(1.4%)
Profit for the period	66.2	63.7	66.8	3.9%

¹ Rounding differences may appear

² Output of consortiums and all associates are included proportionally in production output which deviates from revenues pursuant to IFRS

³ Cost of materials = material expenses + purchased services

⁴ Own work capitalised in non-current assets included

Key Ratios

EUR m ¹	2018	2017	2016	Δ 18/17
Production output²	5,592.9	4,738.2	3,925.3	18.0%
Revenue	4,959.1	4,292.9	3,417.1	15.5%
Ratio of profit/loss of companies (at equity)	1.5%	1.2%	1.2%	0.3 PP
Material cost ratio ³	(61.9%)	(62.1%)	(57.4%)	0.2 PP
Personnel cost ratio	(21.1%)	(21.9%)	(22.3%)	0.8 PP
Others ⁴	(3.3%)	(3.6%)	(3.8%)	0.3 PP
EBITDA	219.5	200.7	187.3	9.4%
- in % of Production output	3.9%	4.2%	4.8%	(0.3 PP)
Depreciation, amortisation & impairment	(2.3%)	(2.3%)	(2.2%)	-
EBIT	92.3	90.2	100.1	2.3%
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Financial result	(0.1%)	(0.1%)	(0.2%)	-
EBT	88.1	85.3	91.1	3.3%
- in % of Production output	1.6%	1.8%	2.3%	(0.2 PP)
Taxes	(0.4%)	(0.5%)	(0.6%)	0.1 PP
Profit for the period	66.2	63.7	66.8	3.9%

¹ Rounding differences may appear

² Output of consortiums and all associates are included proportionally in production output which deviates from revenues pursuant to IFRS

³ Cost of materials = material expenses + purchased services

⁴ Own work capitalised in non-current assets included

Statement of Financial Position

EUR m		31.12.2018	31.12.2017	31.12.2016
Assets	Non-current assets	1,104.1	1,037.1	801.3
	Current assets	2,010.6	1,847.6	1,560.8
	Total assets	3,114.7	2,884.8	2,362.1
Equity & liabilities	Equity ¹	618.2	597.0	440.9
	Non-current liabilities	573.6	587.1	562.7
	Current liabilities	1,922.9	1,700.7	1,358.5
	Total equity and liabilities	3,114.7	2,884.8	2,362.1
Ratios:	Net debt/Net cash ²	150.2	147.4	(53.3)
	Equity ratio	19.9%	20.7%	18.7%

¹ Incl. Non-controlling interests

² Bonds & SSD plus financial liabilities less cash and cash equivalents

IFRS 16 - Main Effects in 2019

- First application as of 1 January 2019
- Expected effects due to revaluation of contracts:

P/L:

- Most rent/lease expenses will be re-classified to depreciation and interest expenses

Balance sheet:

- Balance sheet extension:
- Leases have to be recognized as a right-of-use asset
- Lease liability will be reflected in net debt beginning in 2019 (effect: appr. EUR 200m)

Business Units (1/2)

Production output
per 31.12.2018

Prod. output¹
(in EUR m)

Description

Regional
Focus

BU 1 AT/CH/CZ

2,741 Share: **49%**

- PORR's largest business unit
- Home markets providing nearly all construction services
- Residential, office, industrial and road construction



BU 2 GERMANY

927 Share: **17%**

- PORR's 2nd largest single market
- Home market providing all construction services
- Residential, office, industrial, road construction and special ground works (Franki, Stump)



BU 3 INTERNATIONAL

1,617 Share: **29%**

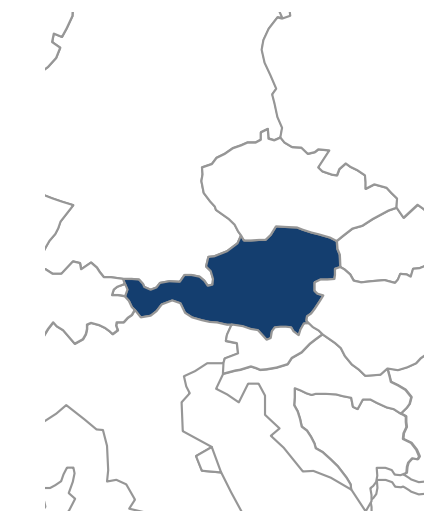
- PORR's unit for technical leadership
- Focus on project business
- Especially tunnel and railway construction



BU 4 ENVIRONMENTAL, HEALTHCARE & SERV.

244 Share: **4%**

- PORR's unit for promising niches
- Focus on project business
- Demolition, waste treatment, PPP, recycling, health care, property & facility management



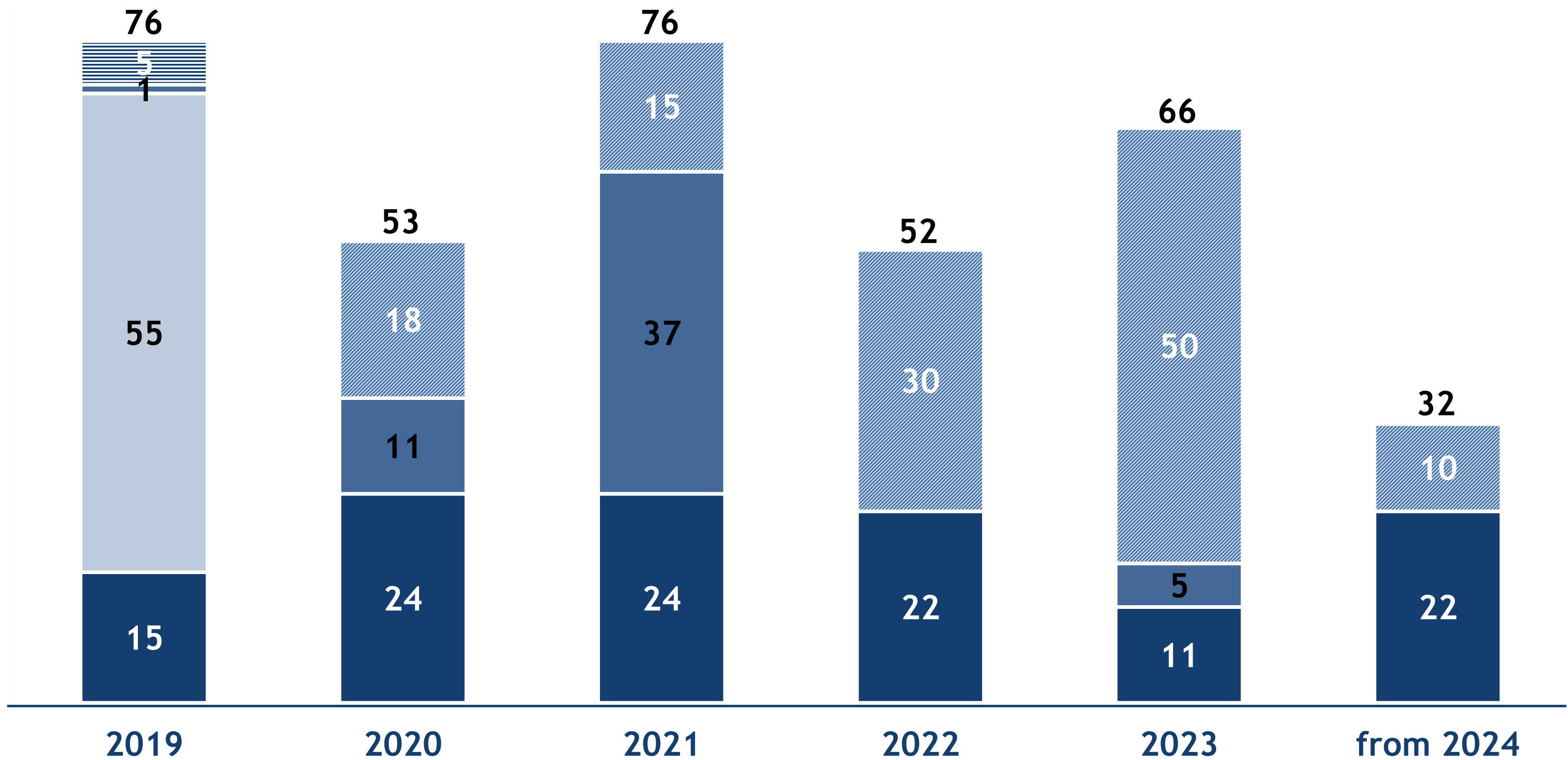
¹ Share of production output of PORR AG Holding ~1.0%, rounding differences may appear



Business Units (2/2)

<i>Eurm</i> <i>% growth per</i> <i>31.12.2018</i>	Output	Backlog	EBT	Comments
BU 1	2,741 +13%	2,158 +3%	55.6 <i>Margin 2.0%</i>	<ul style="list-style-type: none"> ▪ Leading market position in Austria ▪ Czech Republic grew most via acquisition of Alpine ▪ Large-scale projects in building construction and industrial engineering
BU 2	927 +25%	1,568 +5%	1.9 <i>Margin 0.2%</i>	<ul style="list-style-type: none"> ▪ Turnaround as communicated delivered ▪ Industrial eng./road construction on a high level ▪ Well positioned for coming large-scale projects in infrastructure
BU 3	1,617 +24%	3,150 +23%	22.6 <i>Margin 1.4%</i>	<ul style="list-style-type: none"> ▪ Order intake on a high level ▪ Poland: most intense cost pressure and lack of resources (subcontractors, logistics) ▪ Further projects from EU-Cohesion fund
BU 4	244 +8%	184 +48%	7.1 <i>Margin 2.9%</i>	<ul style="list-style-type: none"> ▪ Niches targeted (environmental engineering, facades, sewage) ▪ Steady increase of orders

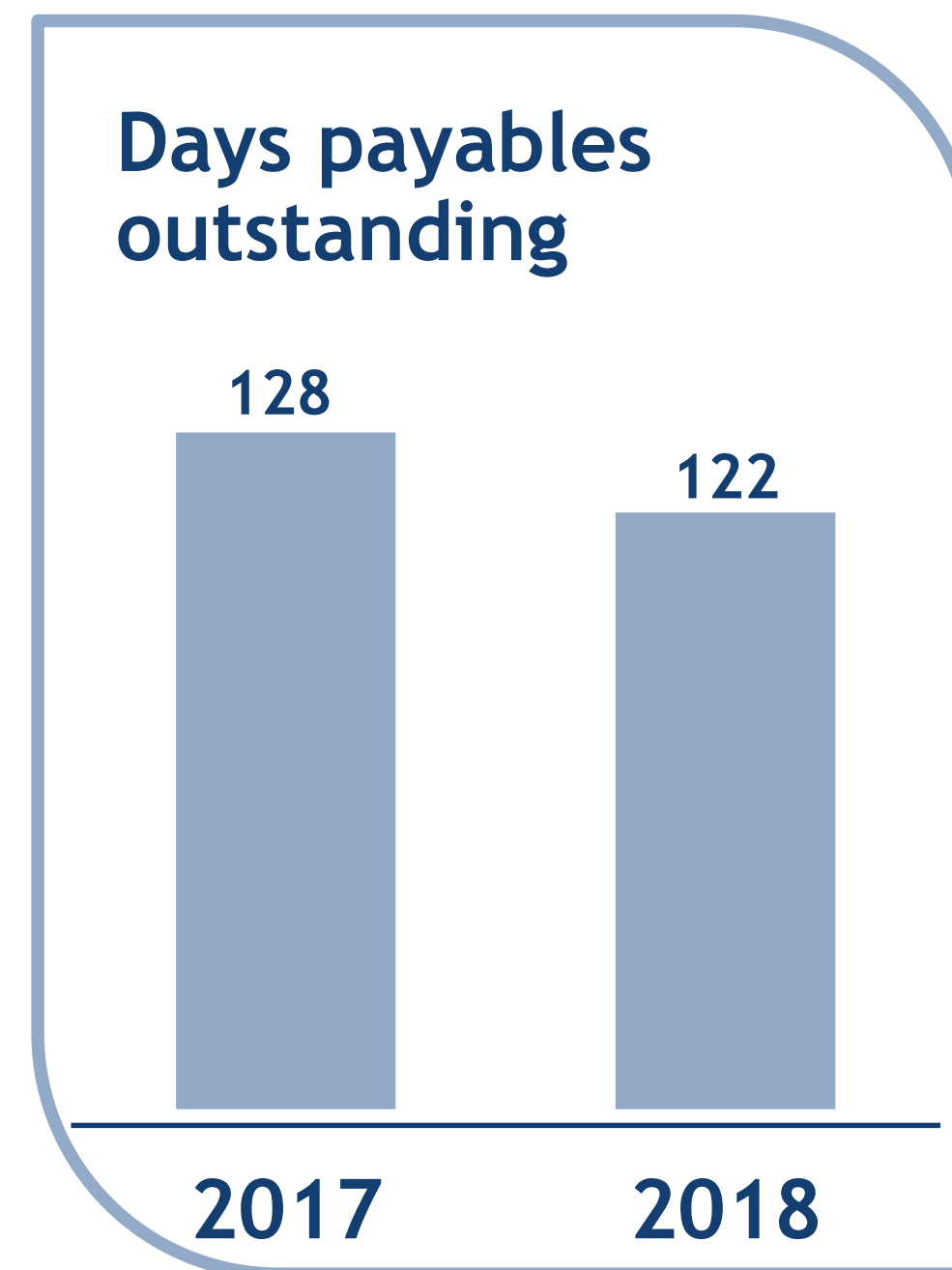
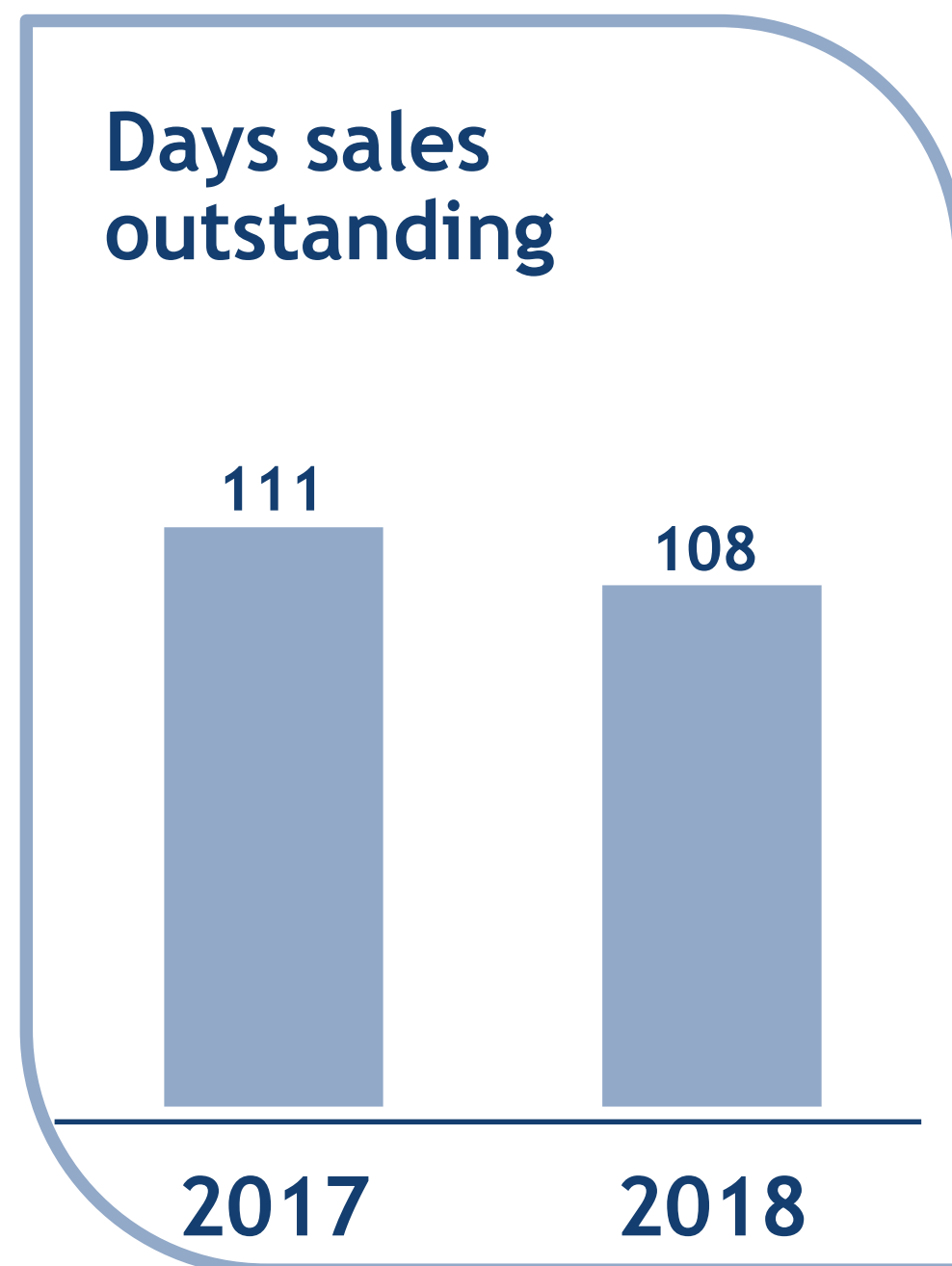
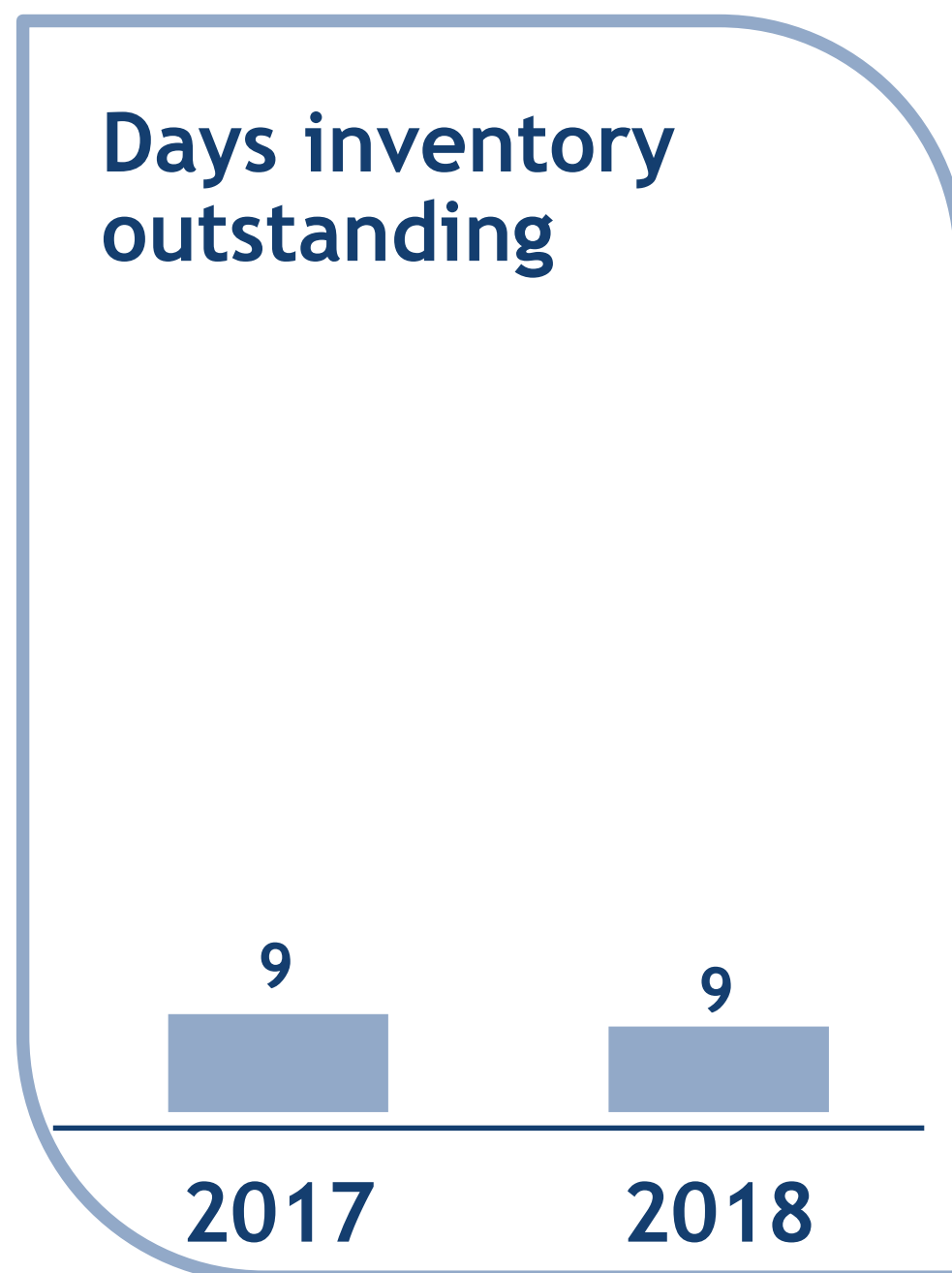
Maturity Profile of PORR's Financial Liabilities as of 31.12.2018



■ Term loans ■ Bonds ■ SSD fix ▨ SSD floating = Short term project related

Comment: Chart excludes leasing liabilities and FX-hedge-liabilities. Figures are in EUR m.

Net Working Capital Development



Net Working Capital:

	<i>EURt</i>	<i>% of Output</i>	
2017:	344,275	7.3%	} -30bps
2018:	390,176	7.0%	

Improved cashflow profile starting to be visible



Top Order Intakes 2018

- Preliminary works FAIR ring accelerator/DE/207.0m
- Nowe Miasto Lubaw Ringroad/PL/62.1m
- Office bldg. Franklinturm, Zurich/CH/60.9m
- Apartment bldg. Sirius, Vienna/AT/36.2m
- Apartment bldg. Laaer-Berg-Straße, Vienna/AT/31.1m

Q1 18

- ARGE H51 Pfons-Brenner/AT/531.3m
- LK93 railroad Oswiecim - Czechowice-Dziedcice /PL/115.5m
- S61 expressway Szczuczyn - Elk/PL/92.7m
- NOC 2.3. Regerstraße, Munich/DE/75.3m
- Project Korso Meiereistraße, Vienna/AT/41.6m

Q3 18

Q2 18

- S6 Expressway, Bozepole - Luzino/PL/63.8m
- Apartment bldgs. Thulestr., Berlin/DE/n.a.
- Office bldgs. QBC 1+2, Vienna/AT/n.a.
- Asphaltting Works Lots 1-8, Arad/RO/21.7m
- Apartment bldgs. Posthof, Erfurt/DE/19.5m

Q4 18

- S3 expressway Bolkow - Kamienna Gora/PL/290.0m
- Hydropower plant, Töging/DE/76.7m
- A66 motorway, Wiesbaden/DE/64.7m
- Tunnel Swinoujscie/PL/60.1m
- LK132 railroad Gliwice - Bytom - Myslowice/PL/59.8m

Analyses & Coverage

Research Reports

Institution	Analyst	Price Target	Recommendation	Last Update
Hauck & Aufhäuser	Aliaksandr Halitsa	30.0	Hold	31.08.2018
ERSTE Group	Daniel Lion	33.7	Buy	10.09.2018
Kepler Cheuvreux	Stephan Trubrich	20.0	Hold	30.11.2018
Raiffeisen Centrobank	Markus Remis	23.0	Hold	20.03.2019
SRC Research	Stefan Scharff	33.0	Buy	20.03.2019

IR Information for PORR AG

Share Information

Share price ¹	EUR 23.60
Market capitalisation	EUR 686.6m
Official market	Vienna Stock Exchange Prime Market
Number of shares outstanding	29,095,000
Ticker symbol	POS VI
ISIN	AT0000609607

IR Contact

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Financial calendar

28 May 2019:	Q1 Result 2019
29 May 2019:	Annual General Meeting 2019
04 Jun 2019:	Trade Ex-dividend
05 Jun 2019:	Record Date Dividend
06 Jun 2019:	Dividend Payout Day
29 Aug 2019:	Half Year Result 2019
28 Nov 2019:	Q3 Result 2019

¹ Share and market cap data as of April 26th, 2019