

# PORR AG H1 2016 NEW BUILDING

Investor Presentation  
August 2016

**PORR**



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01

# HIGHLIGHTS



# Strong First Half Year: Solid Performance of Home Markets

**+11%** 

Continued growth in  
production output

**88%**

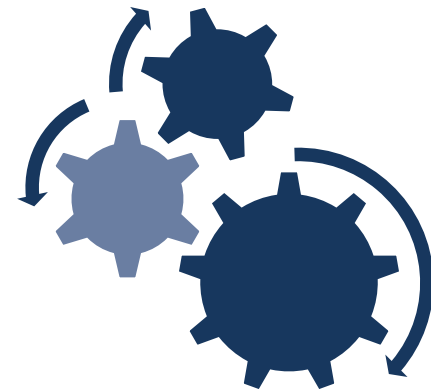
of production output  
generated in strong  
home markets



**+13.5%** 

Full order book of  
EUR 5.5bn

# Healthy Balance Sheet - High Liquidity



## Solid

balance sheet  
enables operational and  
investment flexibility

## EBT +25%

increased operational  
performance through  
effective cost management



## EUR 124<sub>m</sub>

of net debt - improved by  
EUR 181m compared  
to 1H/2015

# Key Figures H1 2016

EUR m

	1H 15	1H 16	Change <sup>2</sup>
Production output <sup>1</sup>	1,497	1,663	+11.1%
Order intake	2,269	2,564	+13.0%
Order backlog	4,830	5,481	+13.5%
Revenues	1,321	1,509	+14.2%
EBITDA	56	68	+22.2%
EBITDA <sup>3</sup> %	3.7	4.1	
EBT	17	21	+25.1%
EBT <sup>3</sup> %	1.1	1.3	
Periodic result	11	16	+50.2%
Earnings per share	0.33	0.53	+60.6%

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 Margins calculated on production output



# Consistent, Successful Strategy Focus

1

**Stable and consistent growth in home markets**

Strong geographical footprint supported by technical excellence

2

**Value over volume**

Strong 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 2015**

Dividend of EUR 1.00 plus extraordinary dividend of EUR 0.50 (scrip dividend)

6

**Transforming the way we work**

New world of work, new organizational structure



# A New Consistent and Lean Organizational Structure





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

**PORR**

# Strategic Achievements

## MARKETS

- Leading market position in **Austria**
- Solid growth in **Germany**, strong presence in complex infrastructure projects
- **Strong order intake** driven by Poland, Germany, Austria and Switzerland
- **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 such 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 (FY 15), **working capital** improvements
- Focus on **high-margin projects**
- **Improved cost base & risk mgmt**

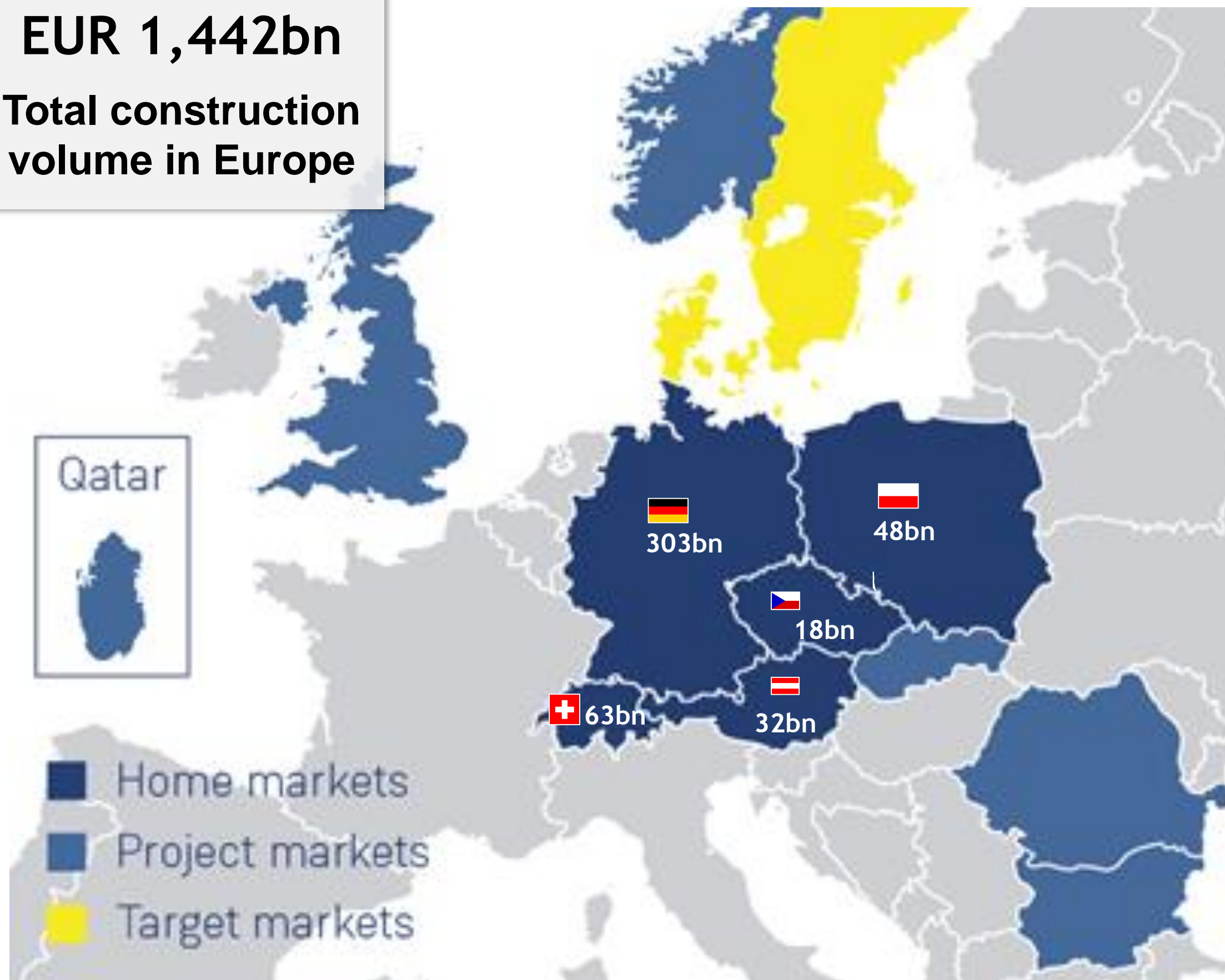
## CULTURE

- 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 Show Stable Growth Prospects

## Market Volume & Approach

**EUR 1,442bn**  
Total construction volume in Europe



### 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 on 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

Source: Euroconstruct (June 2016, 81st conference in Dublin)



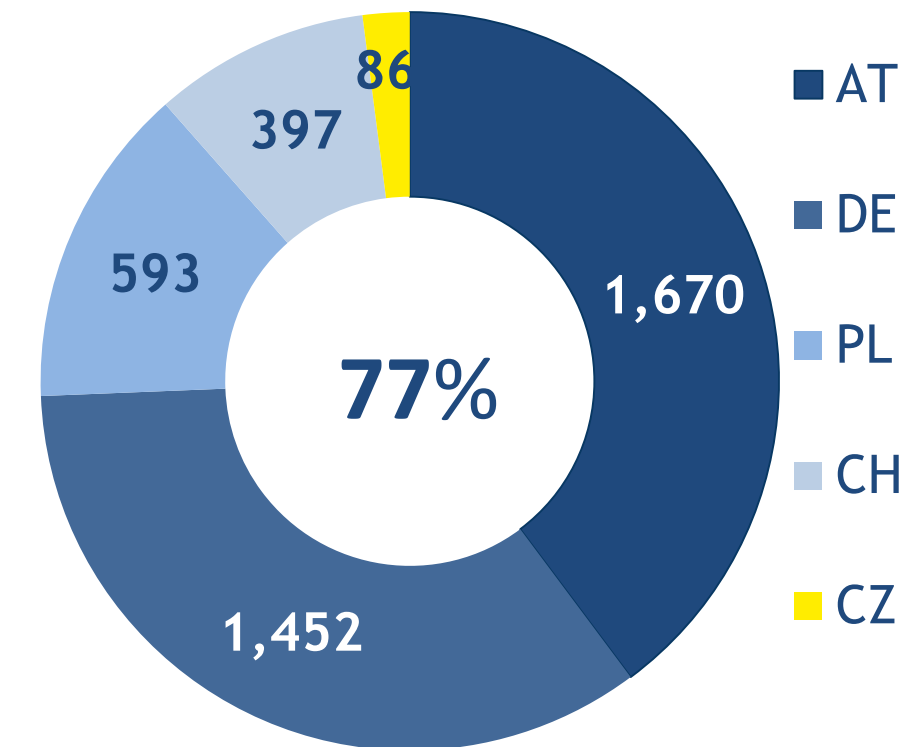
# A Stable Business Supported by a Full Order Pipeline

## PORR Markets - focused business model

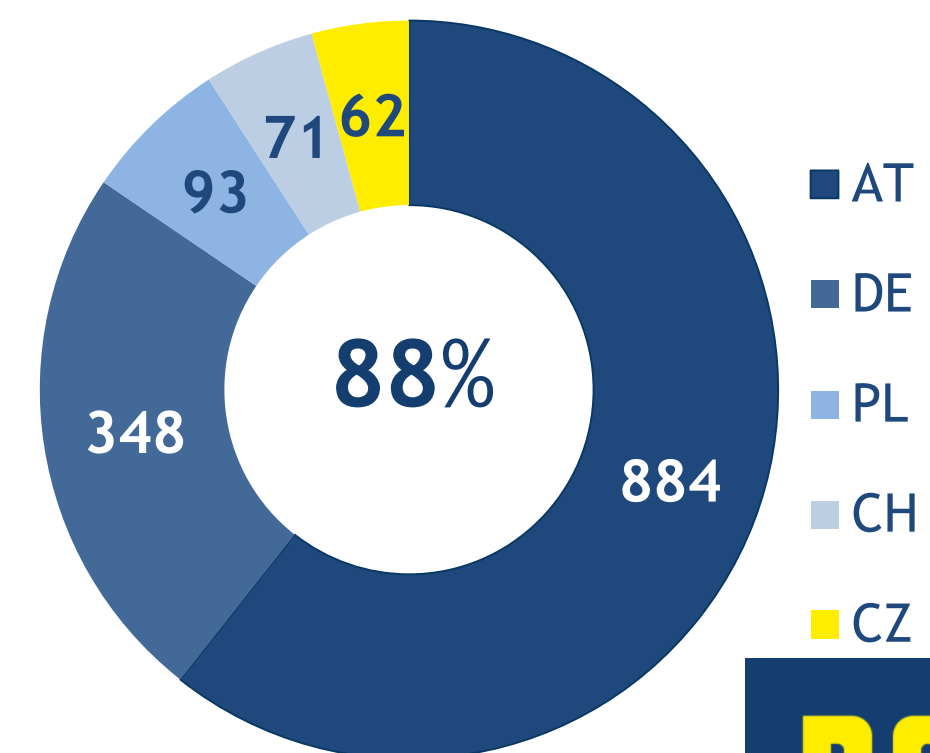


- Full-service markets
- Projects/ Large scale projects

## Order backlog by region, EURm

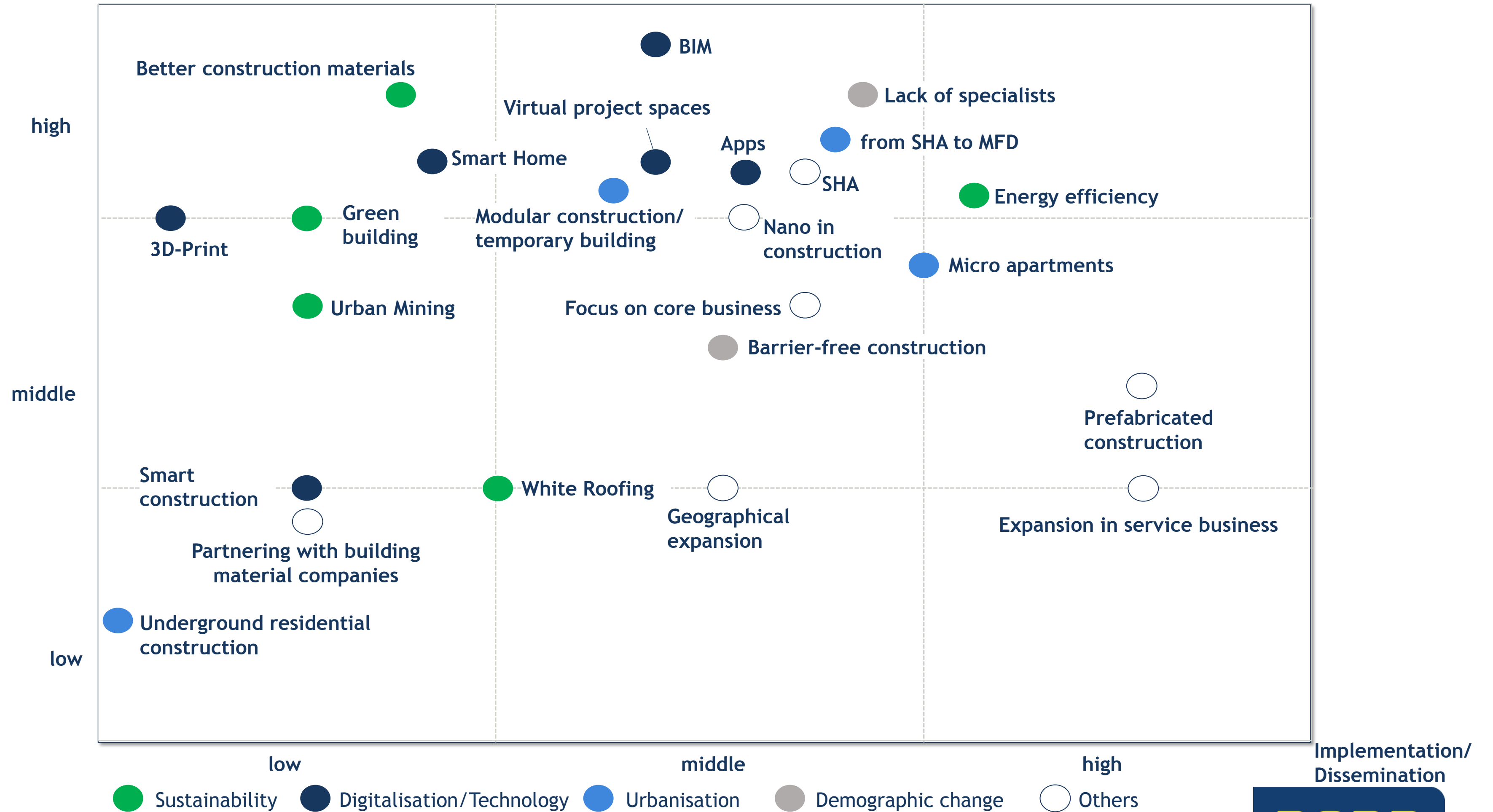


## Production output by region, EURm



# Year 2016: Challenges

Importance



Source: Roland Berger

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 through small and mid-cap companies**
- **Realising potential through restructuring, economies of scale or 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 such 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 kinds of buildings (new and existing) - increase the need for **innovative information technologies**



# Digitalization and Construction - Achieving Long-Term Added Value

**Construction  
site of the  
future**

- **Digitalization** of internal organizational workflows (e-billing, e-commerce, standardized workflows):
  - helps to manage and utilize all kinds 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 logistics
  - 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 project manager in a digital world**





03

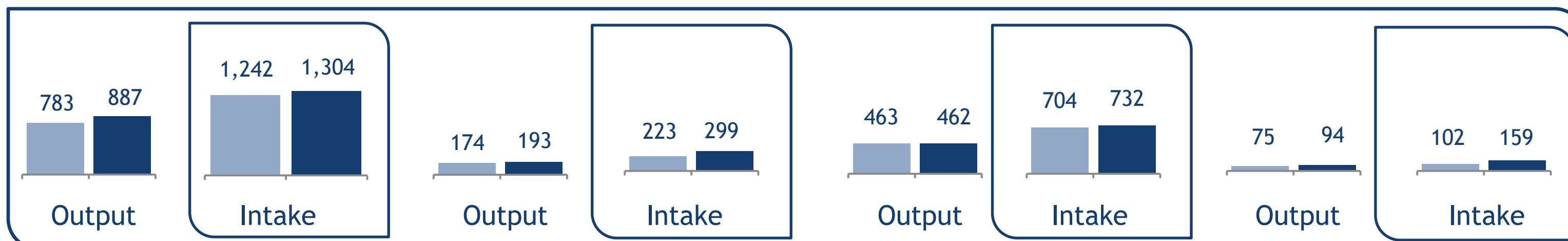
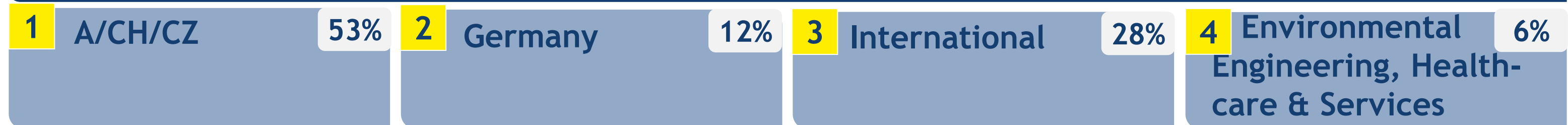
# OPERATIONAL PERFORMANCE



# Increased Production Output and Strong Order Intake

...% share of production output

## Business Units\*



■ 1H/2015 in EUR m ■ 1H/2016 in EUR m

<p><b>Top market position in Austria</b></p> <ul style="list-style-type: none"> <li>• Biggest business unit</li> <li>• Focus on the fields of residential construction, office building, industrial and road construction</li> <li>• Significant growth in CH/CZ</li> </ul>	<p><b>PORR's second largest market</b></p> <ul style="list-style-type: none"> <li>• Most important market outside of Austria</li> <li>• Growth strategy in the next years</li> </ul>	<p><b>Strong technical leadership</b></p> <ul style="list-style-type: none"> <li>• Export products: tunneling and slab track</li> <li>• New order in Slovakia: <b>Bratislava Bypass</b></li> <li>• New projects in Poland (<b>Orhideea Towers</b>) and UK (<b>Humber Crossing</b>)</li> </ul>	<p><b>Active in niches</b></p> <ul style="list-style-type: none"> <li>• Demolition, waste treatment, health care</li> </ul>
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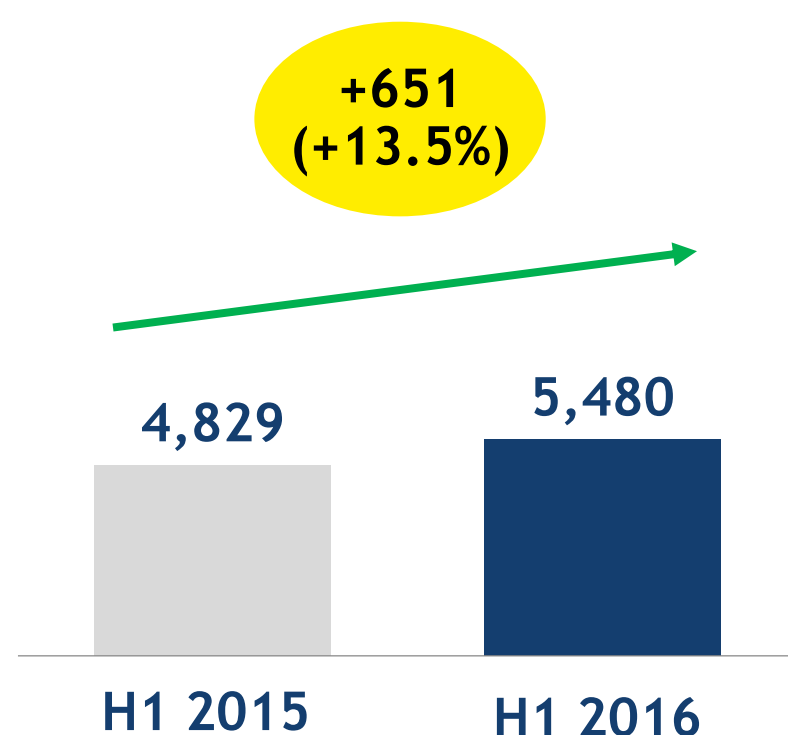
\* Holding production output: EUR 26.3m (1H/2015 EUR 3.0m)



# Solid Order Backlog: Increase of 13.5%

## Order backlog and TOP 15 projects in H1 2016 (EUR m)

### Order Backlog



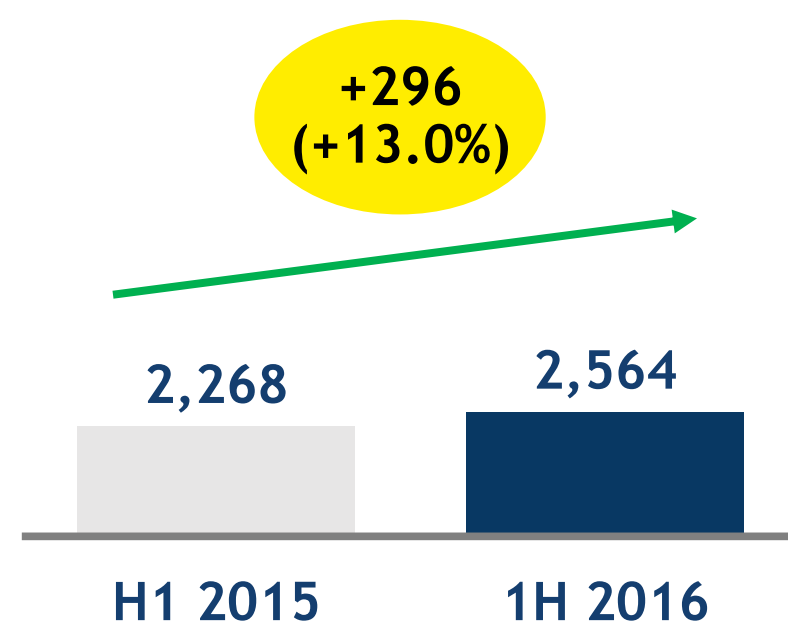
Selected projects	Country	EUR m <sup>1</sup>	Entry	POC
Metro Doha "Green Line"	QA	944	Jun-13	56.8%
Bratislava road D4-R7	SK	300	Jun-16	0.0%
KAT 3 Koralm tunnel	AT	297	Jun-13	34.4%
"Stuttgart 21" Filder tunnel	DE	266	Jul-11	32.0%
Tunnel Alaufstieg	DE	235	Oct-12	53.0%
Al Wakrah stadium	QA	202	Feb-16	2.4%
Slab track General	QA	162	Jun-15	16.4%
Europaallee ZH Lot 1 - 4	CH	153	Feb-15	16.2%
Emscher BA 40	DE	144	Dec-13	56.4%
Europaallee ZH Lot F	CH	130	Feb-16	4.8%
Expressway S 17 Ryki	PL	117	Nov-15	0.5%
Slab track Coburg Ilmenau	DE	103	Nov-12	92.1%
"Stuttgart 21" Lot 2a/3	DE	99	Jul-12	29.8%
Expressway S 6 Koszalin	PL	99	Mar-16	0.6%
Hospital Vienna North	AT	98	May-12	94.1%

<sup>1</sup> Stated values are project values attributable to PORR at time of contract awarding

# Order Intake With a Balanced Project Size

## Order intake and TOP 12 projects in H1 2016 (EUR m)

### Order Intake



Selected projects	Country	EUR m <sup>1</sup>	Entry
Bratislava road D4-R7	SK	300	Jun-16
Al Wakrah Stadium	QA	202	Feb-16
Europaallee ZH Lot F	CH	130	Feb-16
Expressway S 6 Koszalin	PL	99	Mar-16
Zalando Campus	DE	86	Jun-16
Expressway S 8 Poręba-Ostrów	PL	54	Feb-16
Business Garden Bucharest	RO	53	Jun-16
Hotel Mucon, München	DE	53	Feb-16
WHA TRI - Triester Straße 40	AT	47	May-16
Humber Crossing Feeder 9 Re	UK	46	Jun-16
La Tête, Düsseldorf	DE	44	Mar-16
Schlossquartier, Kiel	DE	39	Feb-16

<sup>1</sup> Stated values are project values attributable to PORR at time of contract awarding

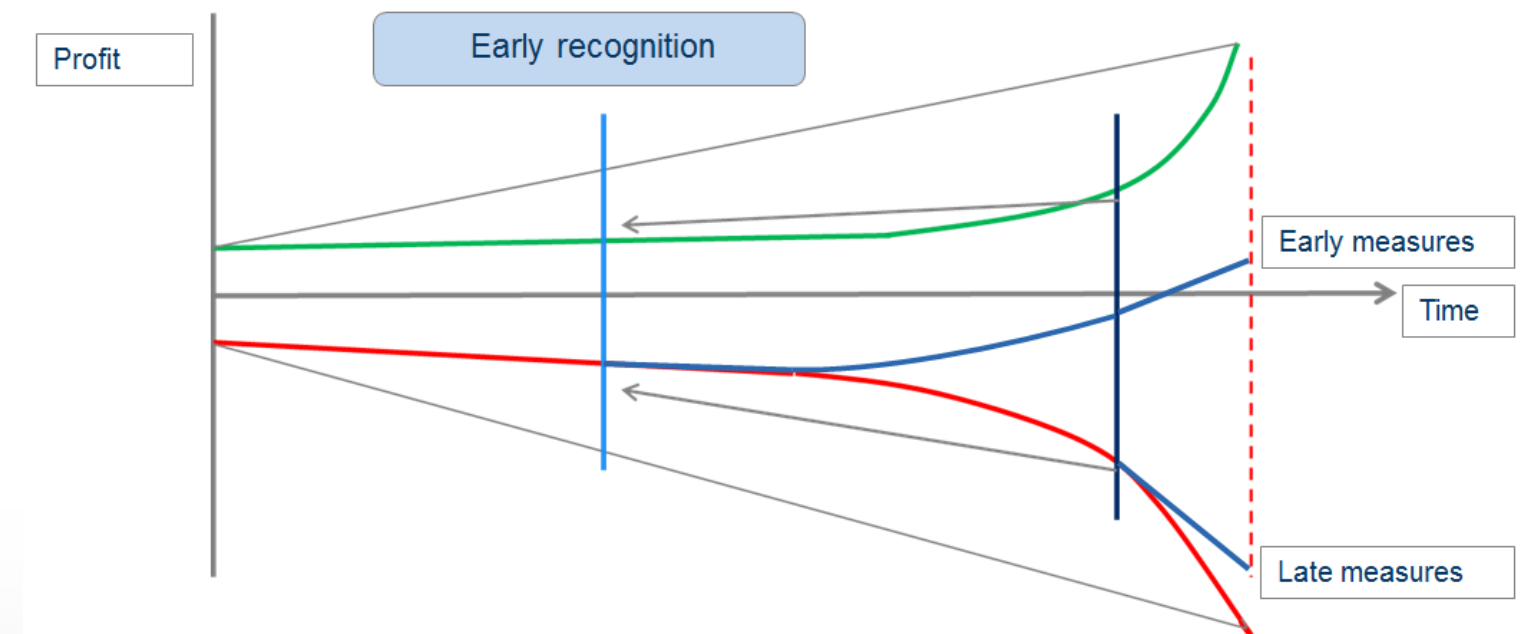


# Comprehensive Control and Steering Mechanisms Established

## 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 at different executive levels depending on order volume



### Offer calculation

- Introduced minimum profitability targets at 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

TEUR

	2014	2015	H1 2015	H1 2016	Δ %
<b>Production output<sup>1</sup></b>	<b>3,474,885</b>	<b>3,523,752</b>	<b>1,497,044</b>	<b>1,662,789</b>	<b>+11.1%</b>
Revenues	3,009,118	3,139,687	1,321,355	1,509,243	+14.2%
Material costs + Purchased s.	-2,026,001	-2,060,827	-849,248	-966,570	+13.8%
- Material costs	-680,195	-651,443	-272,649	-270,014	-1.0%
- Purchased services	-1,345,806	-1,409,384	-576,599	-696,556	+20.8%
Staff costs	-752,960	-807,638	-373,383	-417,673	+11.9%
Other operating result	-73,733	-105,280	-43,159	-57,111	+32.3%
<b>EBITDA</b>	<b>156,424</b>	<b>165,942</b>	<b>55,565</b>	<b>67,889</b>	<b>+22.2%</b>
<b>EBITDA<sup>2</sup> %</b>	<b>4.5</b>	<b>4.7</b>	<b>3.7</b>	<b>4.1</b>	
Depreciation	-74,716	-78,172	-34,047	-39,701	+16.6%
<b>EBIT</b>	<b>81,708</b>	<b>87,770</b>	<b>21,518</b>	<b>28,188</b>	<b>+31.0%</b>
<b>EBIT<sup>2</sup> %</b>	<b>2.4</b>	<b>2.5</b>	<b>1.4</b>	<b>1.7</b>	
Financial result	-15,608	-6,765	-4,396	-6,765	+53.9%
<b>EBT</b>	<b>66,100</b>	<b>81,113</b>	<b>17,122</b>	<b>21,423</b>	<b>+25.1%</b>
<b>EBT<sup>2</sup> %</b>	<b>1.9</b>	<b>2.3</b>	<b>1.1</b>	<b>1.3</b>	
Taxes	-17,542	-20,069	-6,290	-5,157	-18.0%
<b>Periodic result</b>	<b>48,558</b>	<b>61,044</b>	<b>10,832</b>	<b>16,266</b>	<b>+50.2%</b>

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

<sup>2</sup> Margins calculated on production output

# Consolidated Balance Sheet

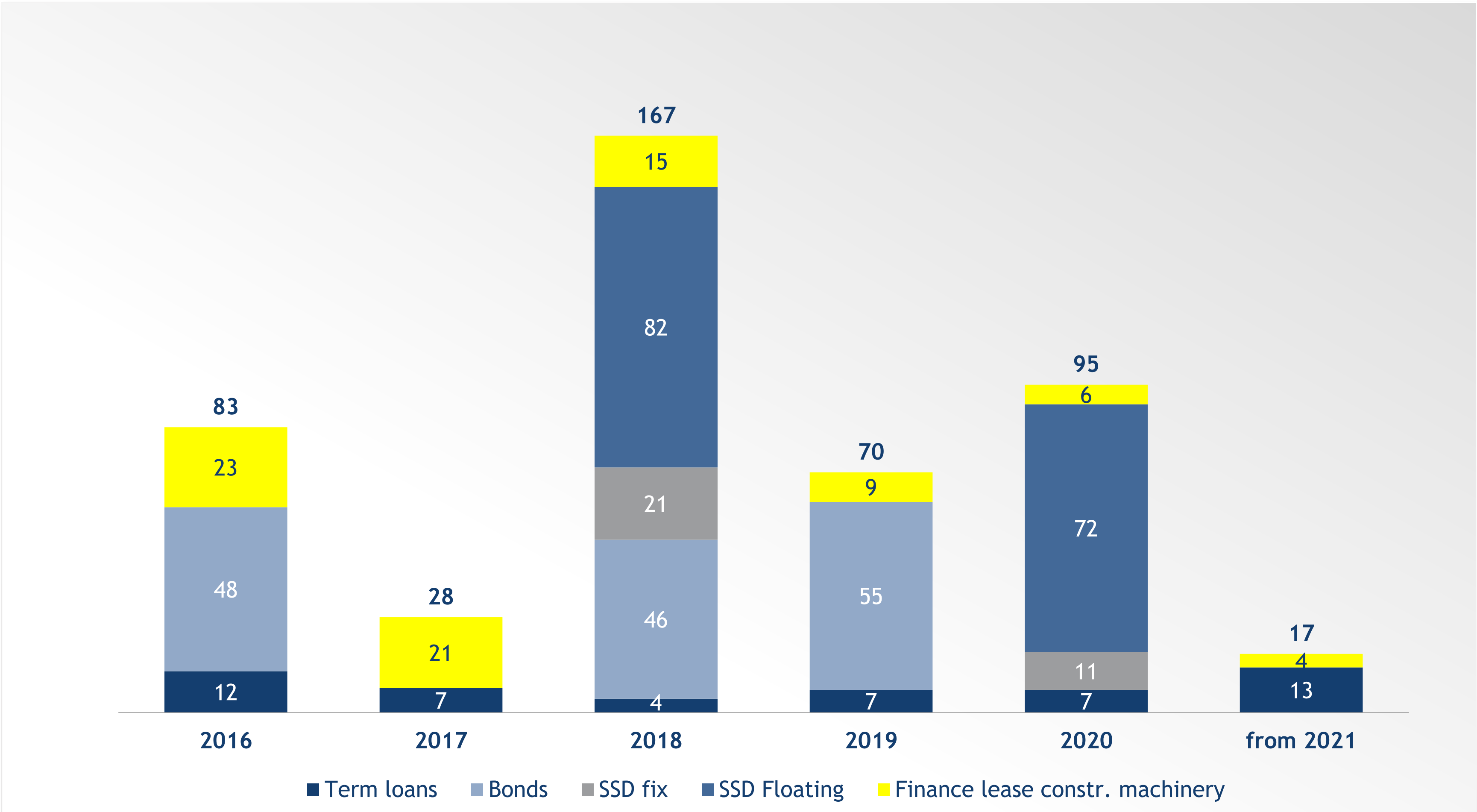
EUR thd

		<u>31.12.2014</u>	<u>30.06.2015</u>	<u>31.12.2015</u>	<u>30.06.2016</u>
<b>Assets</b>	Long-term assets	728,013	782,653	715,871	743,282
	Short-term assets	1,418,017	1,152,022	1,588,126	1,429,123
	<b>Total assets</b>	<b>2,146,030</b>	<b>1,934,675</b>	<b>2,303,997</b>	<b>2,172,405</b>
<b>Liabilities &amp; equity</b>	Equity (incl. non-controlling interests)	385,171	369,966	412,118	382,489
	Long-term liabilities	408,830	419,433	551,655	542,408
	Short-term liabilities	1,352,029	1,145,276	1,340,224	1,247,508
	<b>Total assets</b>	<b>2,146,030</b>	<b>1,934,675</b>	<b>2,303,997</b>	<b>2,172,405</b>
<b>Ratios</b>	Net debt (+) <sup>1</sup> / net cash (-)(EUR m)	<b>-65</b>	<b>305</b>	<b>-187</b>	<b>124</b>
	Equity ratio (%)	<b>18.0</b>	<b>19.1</b>	<b>17.9</b>	<b>17.9</b>

<sup>1</sup> Bonds plus financial liabilities less cash and cash equivalents



# Strong Liquidity and Well-Balanced Financial Liabilities Profile<sup>1</sup>



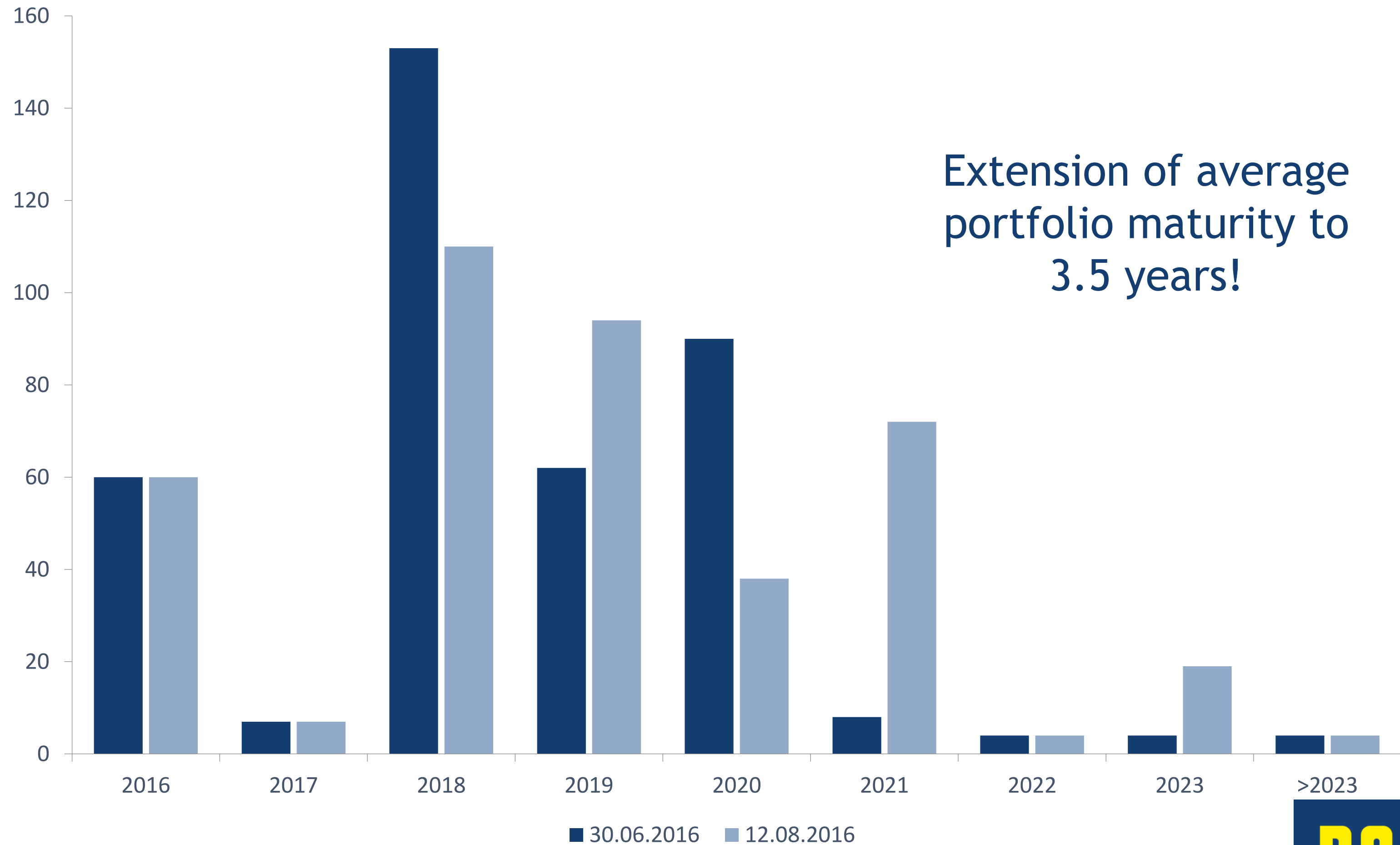
<sup>1</sup> Maturity profile of PORR's financial liabilities as of 30.06.2016 (in EUR m) per calendar year



# Maturity Profile 30.06.2016 vs. 12.08.2016

(Financial lease contracts esp. for construction machines excluded)

EUR m



**05**

# **KEY TAKEAWAYS**

# A Step Ahead: 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 project markets like UK and Norway as well as new target markets like Sweden in the fields of tunneling, bridge construction, 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**

Further improving cash management & maintaining net cash position for year end

5

## **The construction site of the future “Roadmap 2020”**

Digitalisation of the construction process from the start of design to the end of the project with the help of BIM (5D) and further IT streamlining

The logo for PORR, consisting of the letters 'PORR' in a bold, yellow, sans-serif font, set against a dark blue rectangular background.



# IR Information for PORR AG

## Share Information

Share price <sup>1</sup>	EUR 27.72
Market capitalisation	EUR 806.5m
Official market	Vienna Stock Exchange Prime Market
Number of shares outstanding	29,095,000
Ticker symbol	POS VI
ISIN	AT0000609607

## IR Contact

For further information please contact  
the Investor Relations department

T +43 (0) 50 626-1006  
[IR@porr-group.com](mailto:IR@porr-group.com)

<sup>1</sup> as of August 29, 2016

## Financial Calendar 2016

30.08.2016	H1 2016
29.11.2016	Q3 2016

## Research Reports

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

The logo for PORR AG, featuring the word "PORR" in a bold, yellow, sans-serif font on a dark blue rectangular background.

# 06 BACK UP

# PORR Increased Ordinary Dividend and Offered an Additional Extraordinary Scrip Dividend (FY 2015)

## Dividend

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



## The way a scrip dividend works

- Shareholders had the option of reinvesting the EUR 0.50 dividend in shares or getting EUR 0.50 in cash
- PORR only used treasury shares for the scrip dividend
- No new shares were issued
- Reinvestment price was set after the subscription period and close to market price
- Shareholders without sufficient number of shares received dividends in cash in any case



## Result

- A subscription period of two weeks commenced in June after the positive resolution at AGM on 24<sup>th</sup> May
- The settlement of the dividend shares took place on 21st June 2016
- Result of scrip dividend: Acceptance rate of approx. 71.8% of all entitled shares

# Scrip Dividend<sup>1</sup>: What Happened From an Investor's Point of View?

## Options for the Investor

### Option 1

EUR 1.00 in cash

+

EUR 0.50 in cash

=

EUR 1.50 in cash

or

### Option 2

EUR 1.00 in cash

+

EUR 0.50 in shares

=

EUR 1.50 in cash & shares

<sup>1</sup> Taxation of the total dividend of EUR 1.50 can be settled from the cash dividend per share

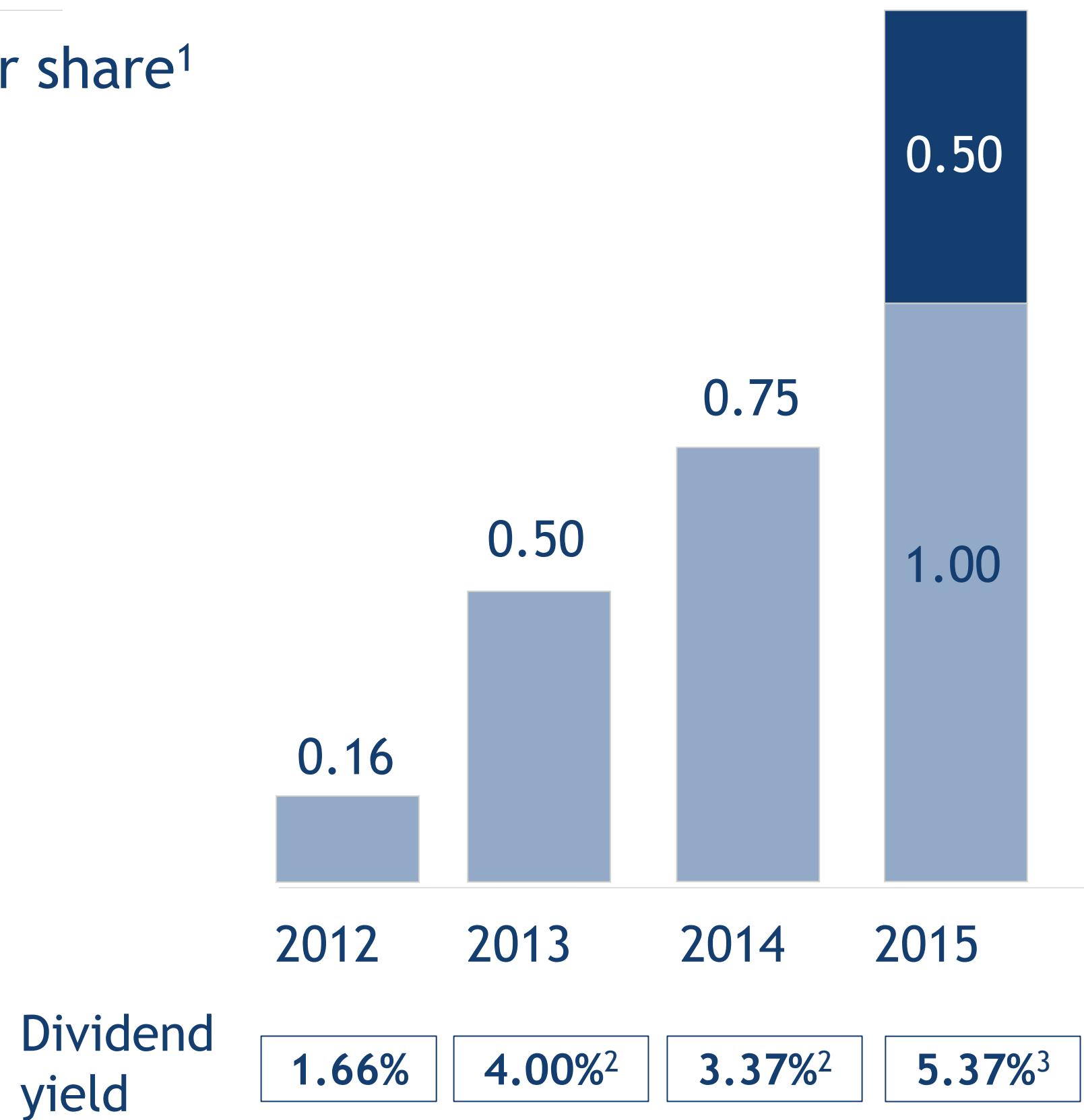
**Final result of scrip dividend:  
Acceptance rate of approx. 71.8% of all entitled shares (Option 2)**



# Sustainable Dividend Policy

## Dividends

Dividend per share<sup>1</sup>  
(in EUR)



<sup>1</sup> Adjusted to share split 2015 to allow better comparison

<sup>2</sup> Restated excl. discontinued operations

<sup>3</sup> Dividend yield including scrip dividend