Press Release

PORR

PORR in the first half of 2017: Decline in earnings less pronounced than expected; sharp increase in production output

- **Production output up by 21.2% to EUR 2,015m**
- **EBT of around EUR 4.0m marks a year-on-year decline of EUR 16.3m**
- **Order backlog reaches record high of EUR 5,700m – order intake rises by 13.5% to EUR 2,911m**
- **Earnings guidance for full year slightly below previous year**

Vienna, 30 August 2017 – In the first half of 2017 PORR achieved a sharp rise in production output and a record order backlog coupled with weaker earnings. The main factors behind the decrease were lower contributions to earnings in Germany and Qatar. The political turbulence in Qatar led to higher costs because of more complex logistics and procurement processes, whereby all projects are progressing as planned. In Germany there was an increase in costs caused, on the one hand, by the rapid organic growth, on the other by the takeovers of Franki and Oevermann and the related rapid expansion towards complete coverage.

PORR's production output amounted to EUR 2,015m in the period under review, marking an increase of 21.2% against the comparable period of the previous year. The growth was generated both through acquisitions and through organic growth – especially on the home markets of Germany, Poland and Switzerland. In Austria it was possible to increase output by a further 3.5% against the already high level. Broken down by segment, all of the operating units achieved significant increases in output at the end of the first half of 2017. In particular, Business Unit 2 – Germany achieved the highest growth in production output by a significant margin due to the takeovers of Franki Grundbau and Hejmans Oevermann, although it also achieved organic growth with the focus on building construction.

Karl-Heinz Strauss, CEO of PORR, said: "We have been pursuing a clear growth strategy in Germany for three years. Several attractive opportunities emerged in recent months to allow us to expand our market position significantly – both through organic growth and acquisitions. With the recent takeovers, we have taken a major step closer to achieving our goal of opening up the infrastructure market in Central and Northern Germany. In future we want to meet the needs of the permanent business and large-scale projects from our own resources."

In addition to the high growth in production output, it was also possible to achieve a sharp increase in the order backlog and order intake: the order backlog rose by 4.0% to EUR 5,700m. The order intake grew even more sharply, increasing by 13.5% year-on-year to EUR 2,911m. In contrast to production output, the growth in the order backlog was mainly due to takeovers.

New projects on every market

The largest new order in the first half of the year was a major German industrial project for BMW in Munich-Freimann, which will be realised to state-of-the-art BIM and Lean standards together with the client. Other large-scale orders included the new railway line LK 354 Poznań–Piła in Poland and a section of the U5 metro line in Frankfurt. Another major road project was acquired in Slovakia with the D3 Čadca. There were particularly pleasing tenders in Norway with the tender for the E18 Varodd Bridge, the E18 Rugtvedt-Dørdal and the Bekkelaget sewage plant project near Oslo. The largest new orders in Austria were the Mur power plant consortium Graz and the Mühlgrundgasse residential complex in Vienna. Our Swiss team acquired two additional building construction projects at Zurich Central Station, as well as the tender to overhaul the Zentralschweizer Nationalstraße N4 between Zurich and Altdorf. In addition to a range of projects from the newly acquired Group subsidiaries, acquisitions in Germany included the residential project

Stresemann Quartier in Hamburg, the residential project Naumannsche Brauerei in Leipzig, the Talbrücke Rothof Bridge on the A7, the office project Sono West in Frankfurt and an additional lot on the Emscher sewer.

Earnings hampered by Germany and Qatar

In terms of earnings, projects in Qatar were particularly responsible for unplanned expenses due to the difficult political situation and the consequent complications in logistics and procurement processes. Every cost item includes expenses related to acquisition activities in Germany, which did not generate adequate services as the result of the rapid expansion in structures. These developments led EBITDA to decrease by 16.1% to EUR 56.9m. EBIT declined to EUR 8.4m as of 30 June 2017; EBT amounted to EUR 4.0m and was thereby 81.5% below the value from 2016. The profit for the period fell by EUR 13.3m to EUR 2.9m. Net debt rose as a result of the reduction in cash and cash equivalents and the increase in financial liabilities to EUR 374.7m as of 30 June 2017 (net cash position as of 31 December 2016 of EUR 53.3m).

Outlook

On the basis of the results for the first half-year, the Executive Board expects earnings for the full year to be slightly below the previous year – despite the sharp rise in production output.

“The year 2017 has been a year of shaping the future for PORR. In recent months opportunities arose to acquire a number of companies that will allow us to significantly strengthen PORR’s core business. This comes with costs and is, naturally, also reflected in our earnings. However, these investments form the basis for sustainable profits in the future”, said Karl-Heinz Strauss, CEO of PORR AG.

Contact:

Christian B. Maier
CFO
PORR AG

T. +43 50 626-1009
M. +43 664 626-1009
comms@porr-group.com

Karl-Heinz Strauss
CEO
PORR AG

T. +43 50 626-1001
M. +43 664 626-1001
comms@porr-group.com

Sandra C. Bauer
Head of Corporate Communications | Corporate Spokesperson
PORR AG

T. +43 50 626-3338
M. +43 664 626-3338
comms@porr-group.com

Press Release

Image:

Karl-Heinz Strauss, CEO of PORR. © PORR_APA-Fotoservice

The photo can be downloaded from the PORR Newsroom.