

Price (Euro)	12.40			
52 weeks range	14.84 / 10.96			
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)	487.1			
Free Float Market Cap (million)	225.5			
CAGR pre-tax profit ('22 - '25e)	16.3%			
Multiples				
	2022	2023e	2024e	2025e
MarketCap/ Revenues	0.08	0.08	0.08	0.08
PE-Ratio	7.5	5.9	4.4	3.5
Dividend Yield	4.8%	7.3%	8.9%	10.5%
Price-to-Book ratio	0.6	0.6	0.5	0.5
Key Data per Share (Euro)				
	2022	2023e	2024e	2025e
Earnings per Share (EPS)	1.65	2.11	2.79	3.53
Dividends per Share (DPS)	0.60	0.90	1.10	1.30
Book Value per share	20.34	21.48	23.35	25.76
Financial Data (Euro '000)				
	2022	2023e	2024e	2025e
Revenues	5,786,011	6,127,386	6,292,825	6,435,043
EBITDA	318,899	345,461	381,522	425,806
Operating Profit (EBIT)	120,107	145,150	180,168	219,263
Pre-tax profit (EBT)	110,034	128,832	163,989	201,375
Pre-tax margin	1.8%	1.9%	2.4%	2.9%
Net profit (after minorities)	64,413	82,299	108,852	137,892
Adjusted Shareholders' Equity	764,605	823,337	896,839	991,524
RoE after tax (adjusted)	8.4%	10.0%	12.1%	13.9%
Equity Ratio	19.3%	20.1%	21.4%	23.1%
Financial Calendar				
Annual report 2023		21 March 2024		
AGM		30 April 2024		
1Q 2024 report		23 May 2024		
Main Shareholders				
Syndicate (Strauss-group / IGO-Ortner-group)			50.4%	
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Solid progress and growth in numbers in the first nine months – Order book continues to be on a high level and provides certainty for future – full year guidance concretized – Buy and Euro 20.50 affirmed

Today, PORR released the report for their first nine months of 2023 and invited for a conference call. Production output for the period amounted to Euro 4.80bn, reflecting a hike of more than 6% from last year's number of Euro 4.53bn. This growth was driven by all segments except the Infrastructure International segment. Revenues were up 7.5% from Euro 4.15bn to Euro 4.46bn, driven by the mentioned hike in output. Income from at-equity companies as up almost 20% and amounted to more than Euro 54m, resulting from higher profits from consortiums. On the cost side, the cost of materials and other related production services position increased by 6.5% from Euro 2.86bn to Euro 3.05bn and thus at a slower rate than revenues. Staff expenses came in at Euro 1.08bn, up 5.4%. The firm's operating profit on EBIT-basis all in all hiked by 10% from Euro 71m to Euro 78m. The financial result improved from Euro -13.4m to Euro -10.0m. While financial income was up from Euro 8.8m to Euro 19.3m, finance costs were also up from Euro 22.2m to Euro 29.3m. The firm's pre-tax profit thus amounted to Euro 68.0m, up more than 18% from last year's number of Euro 57.5m. Net profit after minorities amounted to Euro 40.3m, up 43% from last year's number of 28.1m. Earnings per share for the period amount to Euro 1.05, up about 46% year-over-year.

The order balance remains on a very strong level and thus provides a good level of certainty for the next quarters. The order backlog at the reporting date stood at Euro 8.7bn and thus about 11% on top of last year's level. The order intake even increased by almost 15% to now Euro 5.3bn. Both balances profited from the tunnelling segment, where the firm managed to acquire some major projects, including the largest new order, the Arge H53 Brenner Base tunnel project with a volume of Euro 480m.

The balance sheet of the companies remains stable at a solid level. The equity ratio as of 30 September stands at 19.4% (FY 2022: 19.3%) and thus slightly below the target range. The net debt position stands at Euro 237m. For the full year, due to seasonality, we again expect the firm to reach a net cash position and an equity ratio within the targeted range, as the fourth quarter is typically beneficial for the balance sheet. The current liquidity reserve stands at a comfortable level of Euro 737m.

All in all, the firm again showed some good progress and some good hikes in numbers. Furthermore, the management was able to further concretize the guidance for the full year in terms of pre-tax profit and now expects EBT to be in a range between Euro 125m to Euro 130m, which at a production output range between Euro 6.5bn and Euro 6.7bn translates into an EBT margin between 1.85% and 2.0%. In turn, we slightly adjusted our P&L estimates and now expect a production output of Euro 6.63bn and an EBT of Euro 129m. We confirm our Buy rating and our Euro 20.50 target price given the solid picture.

PORR AG

Industry: Construction / Infrastructure
Sub-segment: all kinds of real estate
Country: Austria
Headquarter: Vienna
Foundation: 1869
Employees: 20,512

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Management Board of PORR
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 WP/StB Mag. Klemens Eiter (CFO)
 Bmst. Ing. Josef Pein (COO)
 Dipl.-Ing. Jürgen Raschendorfer (COO)

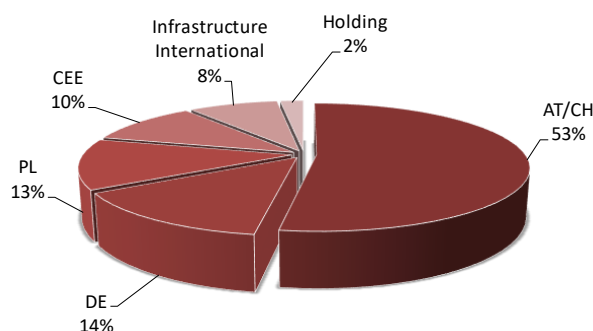
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Founded in 1869 as Allgemeine österreichische Baugesellschaft PORR AG is today a full service provider for construction and infrastructure projects with a leading market position in Austria and also a good footprint as one of the leading firms in other 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. With the 2022 numbers, the record level of 2021 was further increased by almost 9% 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%. The management paid a dividend of 60 cents per share for 2022. For 2023 we expect another hike in earnings and dividend payment.

Production output Euro 6.23bn at FY 2022
(by business segments)



Source: Company Data, SRC Research

P & L PORR AG

31/12 IFRS (Euro '000)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR '22 - '25e
Production output	5,569,781	5,037,915	5,727,323	6,226,409	6,631,126	6,763,748	6,865,204	2.5%
Revenues	4,880,414	4,651,842	5,169,831	5,786,011	6,127,386	6,292,825	6,435,043	2.7%
Own work capitalized in non-current assets	4,105	3,787	2,875	1,567	3,125	2,848	3,255	
Share of profit/loss of associates	87,448	34,036	62,124	56,466	61,753	74,224	76,588	
Other operating income	178,733	133,606	178,090	189,124	173,780	195,136	209,183	
Cost of materials and other related production services	-3,286,674	-3,117,518	-3,446,627	-3,976,756	-4,163,664	-4,259,428	-4,351,005	2.3%
Staff expense	-1,243,180	-1,210,093	-1,275,817	-1,349,993	-1,453,278	-1,482,344	-1,511,990	2.9%
Other operating expenses	-398,530	-364,222	-402,934	-387,520	-403,641	-441,740	-435,267	
Operating result (EBITDA)	222,316	131,438	287,542	318,899	345,461	381,522	425,806	7.5%
Depreciation, amortisation and impairment expense	-167,594	-168,647	-192,323	-198,792	-200,311	-201,354	-206,543	1.0%
Operating result (EBIT)	54,722	-37,209	95,219	120,107	145,150	180,168	219,263	16.2%
Income from financial investments and other current financial assets	15,396	12,771	12,284	14,150	22,357	19,654	18,832	
Finance costs	-32,709	-26,610	-22,142	-24,223	-38,675	-35,833	-36,720	
Earnings before tax (EBT)	37,409	-51,048	85,361	110,034	128,832	163,989	201,375	16.3%
EBT margin (in relation to production output)	0.7%	-1.0%	1.5%	1.8%	1.9%	2.4%	2.9%	
Income tax expense	-9,576	8,681	-23,953	-27,399	-29,631	-37,717	-46,316	
Profit/loss for the period	27,833	-42,367	61,408	82,635	99,201	126,271	155,059	17.0%
of which attributable to non-controlling interest	2,292	5,281	7,688	4,009	1,220	2,302	2,615	
Profit/loss for the period attributable to shareholders of the parent and holders of profit-participation rights	25,541	-47,648	53,720	78,626	97,981	123,969	152,444	18.0%
of which attributable to holders of profit-participation rights	11,227	18,154	17,786	14,213	15,682	15,117	14,552	
Net profit after minorities	14,314	-65,802	35,934	64,413	82,299	108,852	137,892	
Diluted/basic earnings per share (EPS)	0.50	-2.28	1.18	1.65	2.11	2.79	3.53	
Dividends per share (DPS)	0.00	0.00	0.50	0.60	0.90	1.10	1.30	
Number of shares ('000)	29,095	29,095	30,792	39,278	39,278	39,279	39,279	
Adjusted Shareholders' Equity without minorities	587,081	635,985	790,541	764,605	823,337	896,839	991,524	6.7%
Shareholders' Equity (including minorities and hybrid)	599,038	650,549	824,410	798,925	843,784	917,153	1,011,971	
RoE after Tax	2.5%	-10.8%	5.0%	8.3%	10.4%	12.7%	14.6%	
Total assets (Euro million)	3,664.9	3,509,463.0	4,065,002.0	4,146,795.0	4,204,850.1	4,288,947.1	4,387,592.9	
Equity ratio	16.4%	18.5%	20.3%	19.3%	20.1%	21.4%	23.1%	
Key ratios & figures	2019	2020	2021	2022	2023e	2024e	2025e	
Growth rates in %								
Revenues	-1.6%	-4.7%	11.1%	11.9%	5.9%	2.7%	2.3%	
EBITDA	1.3%	-40.9%	118.8%	10.9%	8.3%	10.4%	11.6%	
EBIT	-40.7%	-168.0%	-355.9%	26.1%	20.9%	24.1%	21.7%	
EBT	-57.6%	-236.5%	-267.2%	28.9%	17.1%	27.3%	22.8%	
Net profit after minorities	-58.0%	-252.2%	-244.9%	34.6%	20.0%	27.3%	22.8%	
Margins in % (based on production output)								
EBITDA margin	4.0%	2.6%	5.0%	5.1%	5.2%	5.6%	6.2%	
EBIT margin	1.0%	-0.7%	1.7%	1.9%	2.2%	2.7%	3.2%	
EBT margin	0.7%	-1.0%	1.5%	1.8%	1.9%	2.4%	2.9%	
Net profit margin	0.5%	-0.8%	1.1%	1.3%	1.5%	1.9%	2.3%	
Expense ratios in %								
Personnel costs to sales	25.5%	26.0%	24.7%	23.3%	23.7%	23.6%	23.5%	
Cost of material to sales	67.3%	67.0%	66.7%	68.7%	68.0%	67.7%	67.6%	
Depreciation to sales	3.4%	3.6%	3.7%	3.4%	3.3%	3.2%	3.2%	
Tax rate	-25.6%	-17.0%	-28.1%	-24.9%	-23.0%	-23.0%	-23.0%	
Profitability in %								
Gross profit margin	32.7%	33.0%	33.3%	31.3%	32.0%	32.3%	32.4%	
Return on adjusted shareholders equity (ROE)	2.4%	-10.3%	4.5%	8.4%	10.0%	12.1%	13.9%	
Return on investment (ROI)	1.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Balance sheet key figures								
Net debt (-)/ net cash (+)	-345,689	-136,691	65,322	58,950	50,108	42,591	36,203	
Book value	20.6	22.4	26.8	20.3	21.5	23.3	25.8	
Equity ratio	16.4%	18.5%	20.3%	19.3%	20.1%	21.4%	23.1%	
Data per share								
Number of shares in ('000)	29,095	29,095	30,792	39,278	39,278	39,279	39,279	
Earnings per share (EPS)	0.50	-2.28	1.18	1.65	2.11	2.79	3.53	
Dividend per share (DPS)	0.00	0.00	0.50	0.60	0.90	1.10	1.30	

Source: Company data, SRC Research estimates

SRC Research**- The Specialist for Financial and Real Estate Stocks -**

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Rating Chronicle	Date	Rating	Former Price	Former Target
PORR	29 August 2023	Buy	11.50 €	20.50 €
PORR	24 May 2023	Buy	14.68 €	19.50 €
PORR	31 March 2023	Buy	13.90 €	18.50 €
PORR	28 February 2023	Buy	14.10 €	18.50 €
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 €

Please note:

The PORR share price mentioned in this report is from 22 November 2023. PORR AG mandated SRC Research for covering the PORR share.

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