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Implenia | Annual Report 2014



Implenia®

Annual Report 2014

IMPLENIA IN BRIEF

Implenia plans and builds for life. With pleasure.

Implenia is the leading construction and construction services company in Switzerland. With its integrated business model and comprehensive portfolio of products and services, Implenia can manage a building project through its entire lifecycle and deliver work that is economical, integrated and customer-centric. The focus is on striking a sustainable balance between financial success and social and environmental responsibility.

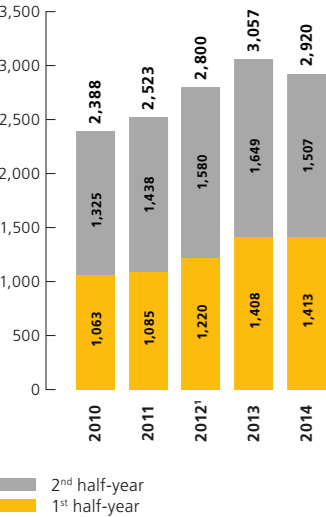
Formed in 2006 from the merger between Zschokke and Batigroup, Implenia can look back on around 150 years of history in the construction industry. Experience, know-how, size and financial strength allow the company to offer its services throughout Switzerland and, in selected disciplines, internationally. All of the Group's collected capabilities and capacities can be made available for challenging real estate and infrastructure projects. Backed by Technical Support and the centralised group functions provided by the Corporate Center, Implenia combines the know-how of the following operational Business Units:

- Implenia Modernisation & Development is a one-stop shop that brings together the Group's entire expertise in modernisation and real estate project development. The Business Unit now also includes the Wooden Construction and Engineering areas. In the Development business, Implenia can apply its expertise all the way from the initial project idea to the finished property.
- Implenia Buildings offers its supra-regional customers integrated services for complex buildings, ranging from planning and coordination to the actual construction.
- Implenia Tunnelling & Civil Engineering bundles the Group's collective expertise and experience in underground construction, bridge building, power stations, foundation engineering and infrastructure renewal.
- With the acquisition of Bilfinger Construction, Implenia will in future have another strong platform from which to exploit the "infrastructure" megatrend.
- Implenia Construction German-speaking Switzerland and Implenia Construction French-speaking Switzerland are the face of Implenia in local markets for road construction, civil engineering and regional building construction.
- Implenia Norge provides services for complex infrastructure projects in Norway.

Implenia is Switzerland's market leader in the buildings and civil engineering sectors. Implenia's head office is in Dietlikon near Zurich and it has approximately 100 branches throughout Switzerland, as well as representative offices in Germany, the Ivory Coast, in Italy, Mali, Norway and Austria. The Group currently employs around 6,600 people and in 2014 generated revenue of around CHF 2.9 billion. Implenia is listed on the SIX Swiss Exchange (IMPN, CH0023868554). For further information: www.implenia.com.

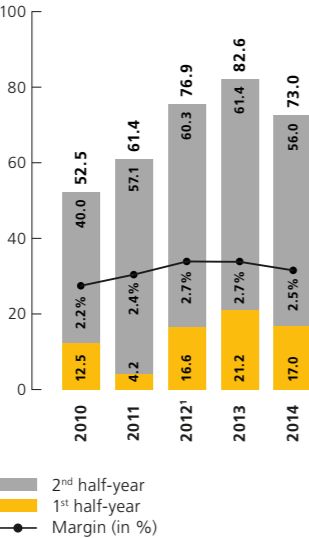
KEY FIGURES

Consolidated revenue
(in CHF million)



1 Restated

Consolidated profit
(in CHF million)



1 Restated

Consolidated key figures

	2014	2013	Δ
	CHF 1,000	CHF 1,000	
Consolidated revenue	2,919,760	3,057,414	(4.5%)
EBIT Business Units	103,407	113,952	(9.3%)
Miscellaneous/Holding	5,057	1,663	204.1%
Operating income	108,464	115,615	(6.2%)
Consolidated profit	73,006	82,634	(11.7%)
EBITDA	151,252	158,401	(4.5%)
Free cash flow	67,168	78,925	(14.9%)
Net cash position (as at 31.12.)	401,477	371,069	8.2%
Equity (as at 31.12.)	629,789	628,688	0.2%
Production output	3,087,216	3,288,021	(6.1%)
Order book (as at 31.12.)	3,001,753	3,190,380	(5.9%)
Headcount (FTE; as at 31.12.)	6,378	6,435	(0.9%)

THE YEAR IN BRIEF

Major strategic decisions taken

In 2014 Implenía took some important decisions about its future. A weak start to the year by the Buildings Business Unit led to a Group-wide analysis of structures and processes that will benefit Implenía in future. Not all the ground could be made up in the second half of the year, but the operating income of CHF 108.5 million for the year as a whole easily exceeded the goal of topping CHF 100 million set in June 2014. In addition, the “One Company” model was further developed during the year under review and the different parts of the Group worked together more closely. This creates the foundations for Implenía to achieve its ambitious medium-term goals. With the acquisition of Bilfinger Construction, Implenía is also diversifying its geographical presence and strengthening its technical platform so it can exploit the “infrastructure” megatrend. The Group is thus going into the future stronger.



Implenia Online Annual Report 2014

Convenient – Implenía’s Annual Report 2014 is also available online in German, English and French. Optimised for any device, including laptops, tablets and smartphones. Just click your way through it!

You will find Implenía’s Online Annual Report 2014 at:

annualreport.implenía.com

In the Reportage section of this report, Implenía highlights a key theme from the Group’s day-to-day operations:

Implenia plans and builds for life. With pleasure. Day and night. While others sleep Implenía employees are working on the Switzerland of tomorrow. Turn to page 58 for an insight into Implenía’s exciting projects. And get to know more about the people behind Implenía. The people behind the wheel of the excavators, down in the tunnels and up in the crane cabs. They’re working for you.

Or just scan this QR code with your smartphone:



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A year in pictures

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A year of pulling together

Implenia sent out a strong signal in 2014. Despite a difficult start to the year, the Group achieved a convincing result. The events and projects that shaped the year, and that you can see in “A year in pictures”, show what a strong position Implenia is now in. Implenia’s durable values lie at the heart of all we do, and the path of profitable, sustainable growth is always in our sights.

We are reliable.

Implenia keeps its promises, which makes it a reliable partner.

We are transparent.

Implenia is honest and has nothing to hide. Its stakeholders can understand the reasons for its decisions.

We have integrity.

Implenia conducts itself properly in accordance with laws, internal regulations and ethical standards.

We focus on solutions and customers.

Implenia puts its customers’ requirements and added value first.

We demand and promote sustainability.

Implenia shows responsibility in the way it treats the environment, society and itself.

We demand operational and financial excellence of ourselves.

Implenia strives to deliver top operational and financial performance.

We are aware of opportunities and risks.

Implenia is entrepreneurial in the way that it acts, i.e. it seizes opportunities and minimises risks.

We are innovative.

Implenia constantly improves its range of services, responds quickly and never stops developing.

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Dear Shareholders

Implenia sent out a strong signal in 2014. Despite a difficult start to the year for Business Unit Buildings, our company achieved a convincing result. This shows how strong and adaptable Implenla is today. The acquisition of Bilfinger Construction brings us additional expertise and greater geographical spread in the highly promising infrastructure construction market. Implenla is therefore well placed to continue on a path of profitable, sustainable growth.

2014 was a year of two halves for Implenla. Firstly there was disappointment when a weak start to the year prompted a profit warning at the halfway stage – the first in Implenla's history. And then in the second half of the year Implenla made up ground and ultimately reported a convincing set of results for 2014.

The fact that Implenla was able to react like this in the second six months is to the credit of all our employees. They put in an effort for the company which they can be proud of and for which we thank them very much on behalf of the Board of Directors and the Group Executive Board. We would also like to thank our customers for the confidence they always show in us, and thank you, our valued shareholders for your loyalty.

Solid operational performance

Implenia posted revenue of just under CHF 3 billion for the 2014 financial year. Within the Business Units the still relatively new, rapidly growing Modernisation area made a particularly clear leap in revenue and earnings. The solid result produced by Construction Switzerland, which once again played its role as Implenla's backbone, also stood out. The Development business just about matched the record result achieved in 2013. Buildings stabilised its business in the second half of the year, while the Norwegian unit's results were down on the previous year's. Meanwhile, Business Unit Tunnelling & Civil Engineering did better than expected.

Implenia fulfils promise with annual results

Operating income for the period under review was CHF 108.5 million, which is 6.2% less than in the previous year. We therefore fulfilled the promise made halfway through the year by clearly exceeding CHF 100 million in operating income for 2014 as a whole. Despite the good operating performance in the second six months Implenla, as announced, couldn't compensate for all the corrections made to first-half earnings following the revaluation of certain projects within Business Unit Buildings. Consolidated profit for the 2014 financial year was CHF 73.0 million, down from CHF 82.6 million in the previous year, giving earnings per share of CHF 3.77.

At the end of 2014 the order book at Group level was down on the previous year's figure, but the backlog was still worth as much as one year's revenue. The decline can be explained primarily by the deliberately cautious approach to bidding for contracts taken by Business Units Buildings and Norge. By contrast, incoming orders in the other areas – Tunnelling & Civil Engineering, Construction Switzerland and Modernisation – improved on the previous year and are looking very promising.

Implenia creates value

Thanks to the good annual results, combined with efficient use of capital, Implenla created substantial value during the year under review. Return on invested capital reached a very good 48.3%. This is higher than the excellent figure of 46.0% recorded in 2013 and much higher than the average cost of capital of 9.5%.

Well positioned

The unsatisfactory performance at Business Unit Buildings in the first six months prompted a review and rigorous optimisation of structures and processes in all the Business Units. Implenla made some significant structural advances as a result. The "One Company" philosophy was more firmly embedded, the different areas were integrated more closely with each other, and collaboration was better coordinated. This helped lift the performance in the second half and will continue to provide a boost in future.

At the end of the year Implenla announced the strategically most important transaction in its history: the acquisition of German company Bilfinger Construction. Bilfinger Construction is an extremely good match for us. Its expertise in infrastructure construction bolsters our know-how and increases our technical strength. Its strong roots in Germany, Austria, Norway and Sweden enhance our geographical presence and improve our access to these important European infrastructure markets. We have proved repeatedly in recent years, not least during our good work together on the Gotthard base tunnel, that we also fit together well culturally. In short, the acquisition is an important step on the road to establishing Implenla as a leading international expert in demanding infrastructure projects.

Significantly higher dividend

The Board of Directors is proposing an ordinary dividend of CHF 1.80 (prior year: CHF 1.60) per share to the Annual General Meeting of Implenia Ltd. on 24 March 2015. The positive outlook has allowed an increase in the dividend of 12.5%.

Outlook

In 2015, Swiss construction activity should remain as lively as in the previous year. Growth is still being driven by residential construction on the one hand and public sector infrastructure investment on the other. The market is likely to be more volatile, however, owing to uncertainties about the implementation of the “mass immigration initiative” and fears of a recession following the Swiss National Bank’s removal of the minimum euro exchange rate. This makes predictions more difficult. In Norway, the infrastructure construction market should continue to perform well thanks to extensive public sector investment plans.

Implenia is looking forward with confidence to 2015 and the subsequent years. A major reason for this optimism is that the Group has come out of 2014 stronger in terms of its organisation and its geographical reach. The acquisition of Bilfinger Construction has also boosted Implenia’s technical competence. Investments made in 2014 to optimise processes will already start to pay off this year. Implenia is very well equipped to continue on the growth trajectory of recent years and achieve its medium-term goals.



Markus Dennler
Chairman of the Board of Directors



Anton Affentranger
CEO

“2014 was a year of pulling together”

Implenia has had a challenging year. First came a half-year profit warning. This was followed at the end of the year by the announcement about the acquisition of Bilfinger Construction – strategically the most important transaction in Implenia’s history. CEO Anton Affentranger and CFO Beat Fellmann explain how these jigsaw pieces fit together and what markers they lay down for the current financial year.

Now that the 2014 financial year is over what would you say Implenia achieved during the year?

Anton Affentranger: 2014 was certainly an eventful year for our Group. We tackled new and old challenges. We were able to sort out some of them, but still have work to do on others. We launched a lot of structural initiatives in 2014, but we also had to deal with many one-off events. At the beginning of August we lost a good friend and Group Executive Board colleague, the Head of Tunneling & Civil Engineering, Arturo Henniger, who died after a short illness. And for the first time in Implenia’s history we had to issue a profit warning for the first half-year. This sent a jolt through the company, but ultimately this jolt helped take Implenia a long way forward.

In what way?

Affentranger: The Business Unit Buildings performed significantly less well in the first half of 2014 than anticipated, so we analysed our processes in this and other parts of the company and made a lot of adjustments. We involved all units in the process,

and 2014 became a year that brought us all together; a year in which Implenia worked unblinkingly to embed the “One Company” ethos. The operating result for the year as a whole is significantly above the CHF 100 million mark. We have emerged stronger from a difficult situation. We can be proud of this and we’re taking this momentum into the current financial year.

Mr. Fellmann, what highlight from 2014 has left the strongest impression on you?

Beat Fellmann: Mr. Affentranger has already mentioned it. I think the important investments made in our processes were a highlight. Better interconnectedness and integration between the individual operating units, but also between operational and support functions, led to higher quality collaboration in 2014. This optimised cooperation makes me confident for 2015. We’re much better set up as a Group at the start of 2015 than we were at the start of 2014.

“We work in the most inefficient industry there is. Our challenge, therefore, is to make our processes more efficient, manage risks smartly, identify opportunities early and seize them quickly.”

Anton Affentranger, CEO

When will this closer cooperation translate into better results for the company?

Affentranger: Buildings already improved its results in the second half of 2014. We'll feel the impact of all the measures we initiated in 2014 throughout the course of 2015 and 2016. These measures include major investments in areas such as Technical Support, which we see as the engine of innovation at Implenia. We invested in people rather than machines, because our employees are our greatest trump card.

Fellmann: Thanks for bringing up “employees”, Tony. In 2014 the employee development work done through our internal “Icademy” training programme bore its first fruits. About 20 managers successfully completed the first stage of the “Winning the Future” management course. At the same time “Winning Performance” was created and launched as a parallel programme for young management talent. It brings together Implenia people from different Business Units and functions who get to know each other and exchange ideas. The awareness and understanding of each other that they develop is vital: neighbours can only achieve something together if they understand each other. This is why I see stronger employee development as one of the important steps in the right direction taken in 2014.

In addition to investing in people you mentioned the work done on processes. Why are processes so important?

Affentranger: We work in the most inefficient industry there is. The companies that achieve long-term success in this industry are the ones that can work more efficiently than their competitors. Our challenge, therefore, is to make our processes more efficient, manage risks smartly, identify opportunities early and seize them quickly. We are working on all this throughout the whole organisation. This is not, of course, a one-off job. It is a continuous process. It's also the answer to the issues of low margins and market pressure within the industry. We will improve continuously and learn from the best in our departments and Business Units.





“We’re much better set up as a Group at the start of 2015 than we were at the start of 2014.”

Beat Fellmann, CFO

It looks like Implenia wants to learn from the best outside the company too. 2014 finished with a thunderbolt when on 22 December Implenia announced it was acquiring Bilfinger SE’s infrastructure division: Bilfinger Construction, which generates production output of around EUR 600 million and has 1900 employees. What prompted the acquisition?

Affentranger: It brings more expertise on board for Implenia. With good people you can go further. Acquiring Bilfinger Construction diversifies our company even more. It also gives us a strong technical platform across Europe with which to exploit the “infrastructure” megatrend. Bilfinger Construction also gives us access to other important core infrastructure markets in Europe. It triples the size

of the market available to us. In future Implenia will be a top player in the infrastructure market in Germany, Austria and Scandinavia.

Fellmann: The removal of the minimum euro exchange rate by the Swiss National Bank has emphasized how important it is that we reduce our dependence on the Swiss market, which is precisely what the acquisition does. We are, of course, absolutely committed to our home market, but it makes sense to diversify our risks. The acquisition helps us do this on a significant scale. It also makes us more independent of the Swiss construction industry’s cycles of activity. Our company’s risk/opportunity profile has improved significantly as a result. And as well as all the operational benefits of the acquisition, it also helps make us attractive to our investors.

The Eurozone faces major economic challenges. Don't you think this might bring risks for Implenia?

Fellmann: We believe that first and foremost the merger brings opportunities. Just think for example of the purchasing opportunities that new sourcing options will give Implenia. The bigger picture is that Implenia is protected from any crisis that could emanate from a single bad market because the company is now active in a variety of West European markets. That's the advantage of a broadly diversified portfolio. It's unlikely that all the markets will perform badly at the same time.

The acquisition of Bilfinger Construction means Implenia will be concentrating more on the infrastructure market. How promising is this market?

Affentranger: Infrastructure is one of the most important medium and long-term global trends affecting our society, economy and the environment. Issues like private and public transport, renovating existing infrastructure, energy, and the move towards alternative energy sources all play a role here. Owing to the financial crisis and austerity programmes, Europe has not invested much in infrastructure in recent years, so a lot of infrastructure is showing signs of age. This means, we believe, that we're entering this market at a low level, but that in the medium and long term we'll benefit from the backlog of renovation work and from growth in infrastructure spending in the Eurozone.

In Germany and the other target markets nobody has been waiting idly for Implenia to come along. Competitors haven't been asleep and have also realised what opportunities lie in the infrastructure market. What makes you so sure Implenia will succeed?

Affentranger: Bilfinger and Implenia know each other well. We have already done a lot of projects together – from the Gotthard tunnel to the Zurich cross-city link. We understand the business. The market is intact and the opportunities are there. We look forward to working with our new colleagues, and in Wiesbaden in December we could see that they were also looking forward to being part of Implenia.

Fellmann: Infrastructure is our core business. Implenia is good at it and has a direct, lean approach. From this perspective I believe that the acquisition will be a great success. We see the integration of Bilfinger Construction as a very logical step within the strategy that we have been pursuing successfully for some years now.

Affentranger: Thanks to the acquisition, Implenia has the critical mass in Germany, Austria and Scandinavia to leverage its track record and acquire and execute a greater number of complex projects. Economies of scale and operating leverage mean that within the company we can also benefit more from our investments in support areas like IT, Technical Support, Human Resources and the Corporate Center. By acquiring Bilfinger Construction we are gaining technical skills but not overheads.

How will the acquisition affect the Group's financial goals?

Fellmann: We don't expect the merger to contribute significantly to profits in 2015. We see 2015 as a year of integration. We'll take time to ensure this integration is done properly and then set new financial goals. We're going to act quickly, but not hastily. It would be over-hasty to announce new financial targets right now. But what we can definitely say is that the acquisition makes it more likely that we'll achieve the announced medium-term EBIT goal of CHF 140–150 million.

Affentranger: I agree with Beat, but would like to add that we're good at maths and we've done the maths – we wouldn't have made this investment if it wasn't going to pay off for us. In other words, we're happy with the transaction from the financial side too.

Integrating almost 2000 new employees into the company will be a challenge. How will Implenia master it?

Affentranger: Firstly, it's important to understand that we want to unite the best of both worlds: the Bilfinger Construction world and the Implenia world. We have put together an integration team led by an experienced Bilfinger man to ensure the integration succeeds. This also sends out a signal about how important the quality of integration is to us. The integration programme isn't just something we've pulled out of a drawer; we're currently working through all the individual priorities together with Bilfinger. The transaction closing is planned for 2 March 2015. Within 100 days of that date we will be running the business using the new structures.

“I’m pleased that we clearly hit our Health & Safety targets. We reduced the number of accidents by almost a quarter!”

Anton Affentranger, CEO

It seems that Implenla is always in a state of flux. Two years ago there was a big restructuring under the slogan “Daring to Shape our Future”. And now Bilfinger Construction. Isn’t it too early for another change?

Affentranger: You can’t plan to make an acquisition like this. Of course we now have to prove we can integrate Bilfinger Construction successfully. The work required to do this will be done in 2015 and 2016. It will be a challenge for us on all levels, but Implenla has the power to master this challenge.

Fellmann: Obviously we’re very happy with the acquisition, but we can assure you that in 2015 Implenla will continue to focus on its existing business and other goals alongside the integration work. We’ll further roll out the process check begun at Buildings to all the other business units and put the new processes into practice to increase our efficiency. In the Development business we’ll work to ensure continued success in the current real estate market. For the Swiss region, the aim in 2015 will be to repeat the good performance of 2014. The acquisition is obviously significant, but has to be seen in this wider context. As a company we’ve proved in recent years what is very clear today: a successful business has to keep adapting and improving all the

time. Like it or not, that’s today’s reality. And this also undoubtedly means that a business has to seize opportunities when they present themselves.

Affentranger: The Bilfinger Construction acquisition is a good example of Implenla’s freedom to be entrepreneurial.

What do you mean by that?

Affentranger: It was only because Implenla has entrepreneurial freedom that the Group was able to think about whether it could afford to make this acquisition – strategically, in terms of management capacity and financially. We’ve proved in the past that we can generate profit and value, so our shareholders allow us the scope to conduct business as we see fit. After the profit warning in the middle of 2014, we decided internally that we would do everything necessary to preserve this state of affairs. We did this, and even before the year was over we were able to make use of this freedom. That’s remarkable!

“Safety before EBIT!” That’s the slogan you used in 2014 to emphasize how important Health & Safety is at Implenla. Did you make any progress on Health & Safety in 2014?

Affentranger: I’m pleased to say that we clearly hit our targets. We reduced the number of accidents by almost a quarter! This shows that our initiatives to mobilise the whole Group on this issue have worked. Led by the new Health & Safety organisation everyone at the company has pulled in the same direction – and I think the result is really good news. Nevertheless, any accident is still one too many, so we’ve set ourselves even more ambitious goals for this year. I firmly believe we’ll achieve them.

Implenla Norway has so far been a total success story, but in the middle of the year you announced that the pace would slow. For 2014 as a whole Norge just about kept its sales steady and saw earnings fall – so expectations were not met. This can’t have been a highlight of your year.

Fellmann: We had an extremely successful start in Norway after the acquisition. We were always clear – in fact we announced as much – that after such a fast start we needed to be careful that mistakes didn’t creep into our project acquisitions and execution. So we decided deliberately to consolidate in Norway in 2014 and invest in the necessary structures, processes and personnel. This takes time and money, and it will keep us busy in 2015 too. You also have to recognise that almost the entire construction industry has now realised how attractive the Norwegian infrastructure market is. Competition has increased and there is greater pressure on prices. We still believe that the infrastructure market in Norway is very attractive.

“The solid results produced by Swiss regional business provide yet more evidence of how healthy Implenla’s core business is.”

Anton Affentranger, CEO

Swiss regional business seems stable. What would you say about results in the regions?

Affentranger: The solid results produced by Swiss regional business, which can be attributed to the large number of small construction sites and projects we have all over Switzerland, provide yet more evidence of how healthy Implenla’s core business is. We’re very pleased with the 2014 results. Some regions, like French-speaking Switzerland and Zurich, are doing better and some worse. We’re working on this.



Can you tell us in a few words what priorities you are setting for the current financial year and are you confident about 2015?

Affentranger: Proximity is our priority. By which I mean we want to be closer to our projects, closer to our customers and closer to our employees. We are working in a very focused way on all the factors within our own control. This makes me confident about the current financial year and beyond.

Fellmann: Following the acquisition of Bilfinger Construction, a priority from the financial point of view is that we regain room for manoeuvre. Negotiations with the banks are underway and we'll be going out on a roadshow at the end of February. Strategically the acquisition was an important and sensible move and we're confident it will be recognised as such.

A final question: what are you looking forward to in 2015?

Fellmann: I'm looking forward to working with motivated colleagues – new and old. Implenia offers unique opportunities for career development and progression.

Affentranger: I look forward to the many and varied challenges and dreams that we'll be tackling and realising with all of our colleagues in 2015.

Pole position in the European infrastructure market

By acquiring the infrastructure division of Bilfinger SE Implenla has taken an important step in the implementation of its declared strategy. With its strong technical platform the Group is in an excellent position to exploit the “infrastructure” megatrend in Europe and to grow sustainably.

On 22 December 2014 Implenla signed an agreement to buy Bilfinger Construction from Bilfinger SE. Bilfinger Construction, which generates production output of around EUR 600 million and has 1900 employees, offers extensive infrastructure construction services in German-speaking Europe and Scandinavia. With this acquisition, Implenla is taking an important step in its declared strategy of establishing itself internationally as a recognised expert in challenging infrastructure projects. The acquisition strengthens the Group’s technical competence and effectiveness. It diversifies the business geographically and broadens Implenla’s regional presence.

At a glance

Bilfinger Construction



EUR 400 million
Production output



1100
Employees



EUR 200 million
Production output



800
Employees

Civil Engineering

- **Tunnelling**
- **Foundation engineering**
- **Civil engineering**
- **Maintenance and repair**

Regional & Technical

- **Civil works and road building**
- **Civil engineering**
- **Turnkey construction**
- **Formwork construction**
- **Tensioning**
- **Infrastructure maintenance**

Leading European provider in infrastructure construction

As one of the leading providers in the European infrastructure market, Bilfinger Construction augments Implenia's offering. The German firm has excellent industry expertise and is a leading player in foundation engineering, civil engineering and tunnelling. The company has strong regional footholds in its target markets Germany, Austria, Norway and Sweden. It has a high level of technical know-how and an attractive project and service portfolio. Bilfinger Construction also includes regional and technical companies with strong local roots. In their core markets of Germany and Austria these offer specialist services for civil works, road building, civil engineering, formwork and more.

Complementary geographical expansion in attractive markets

**Implenia Tunnelling & Civil Engineering,
Implenia Norge**



Bilfinger Construction



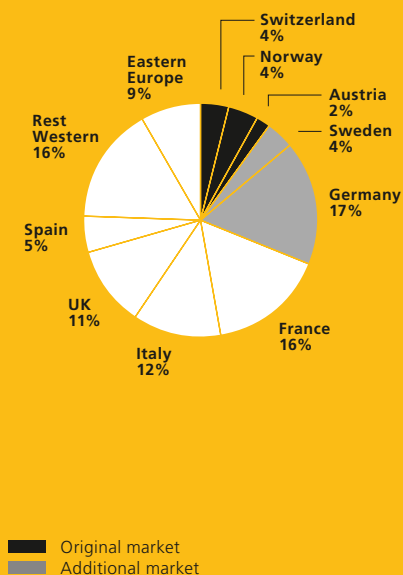
■ Core market
■ Expansion market



Strong technical platform for sustainable growth

The combination with Bilfinger Construction gives Implenia a strong technical platform in attractive European markets, facilitating successful exploitation of the “infrastructure” megatrend in areas such as mobility and energy. The two companies have complementary and attractive core markets, allowing Implenia to benefit from the long-term growth of the infrastructure market in Europe and increase the Group’s operational growth sustainably. In future, Implenia will have the critical mass in Germany, Austria and Scandinavia to leverage its track record and acquire and execute a greater number of complex projects. The acquisition triples the size of Implenia’s directly addressable market in selected attractive European territories.

Implenia is tripling the size of its directly addressable market in Europe



Based on infrastructure investment in Europe 2014



Implenia and Bilfinger Construction work in complementary markets. Picture shows work underway on the Odenplan Tunnel near Stockholm.

Integration process has begun

The aim of the current integration process is to bring together the best of Implenia and Bilfinger Construction. Once competition authorities in the relevant countries have reviewed the transaction, closing is scheduled for 2 March 2015. The integration team has then set a target of announcing our vision, strategy, new structure and organisation within 100 days of closing, i.e. by the end of May 2015.

Good results after a difficult start

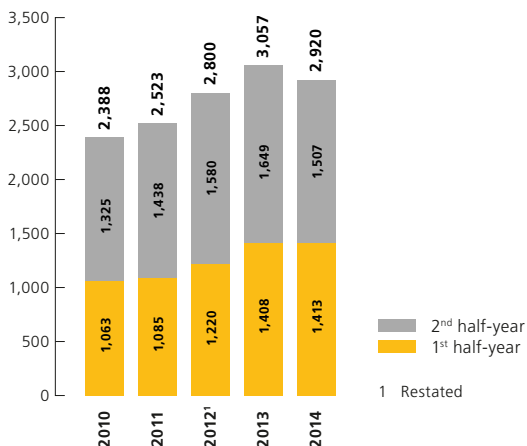
In 2014 Implenia once again showed what it is capable of. During the first six months one-time corrections at Business Unit Buildings had a negative effect on the half-year results. Despite this difficult start, Implenia achieved a convincing result for the year as a whole. The operating income of CHF 108.5 million for 2014 easily exceeded the goal of more than CHF 100 million set at the halfway point. Implenia thus fulfilled the promise it had made. The fast-growing Modernisation business and Business Unit Construction Switzerland shone with leaps in earnings, while the other Business Units ended at or below the previous year's level. In line with the "One Company" model, cooperation between different units and support functions was closely coordinated. Implenia is confident about reaching its medium-term goals.

The Swiss construction industry stabilised at a high level in 2014. Business volumes in the main construction trades went up again, though the rate of growth was weaker. A good economic environment and healthy public finances created a solid foundation. Switzerland's adoption of the "mass immigration initiative" and uncertainty about relations with the EU did, however, cause a rise in political and economic risks. In 2014 the residential construction market in Switzerland benefited from good fundamental data, growing again slightly compared with the previous year. This growth was driven by low interest rates, positive net migration and low vacancy rates. The infrastructure construction market saw stable growth during the period under review thanks to long-term public sector spending.

In Norway the construction market benefited from healthy economic activity in 2014, though this slowed during the year because of the falling oil price. The tunnel and infrastructure construction market, which is strategically important to Implenia, performed robustly. Growth in Norway was shored up by healthy public finances and the long-term "National Transport Plan 2014–2023", which involves NOK 508 billion of government investment in transport infrastructure (rail and road), energy and water supply. The attractiveness of the Norwegian tunnel and infrastructure construction market has led to more intense competition from international construction groups, which has in turn put pressure on prices.

Consolidated revenue

(in CHF million)

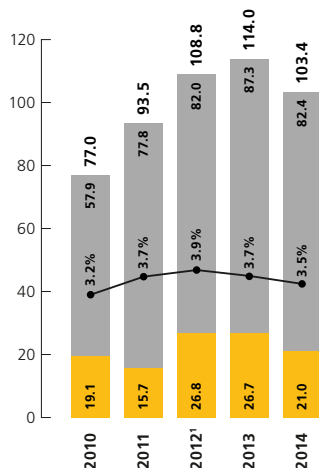


Consolidated key figures

	2014	2013	Δ
	CHF 1,000	CHF 1,000	
Consolidated revenue	2,919,760	3,057,414	(4.5%)
EBIT Business Units	103,407	113,952	(9.3%)
Miscellaneous/Holding	5,057	1,663	204.1%
Operating income	108,464	115,615	(6.2%)
Consolidated profit	73,006	82,634	(11.7%)
EBITDA	151,252	158,401	(4.5%)
Free cash flow	67,168	78,925	(14.9%)
Net cash position (as at 31.12.)	401,477	371,069	8.2%
Equity (as at 31.12.)	629,789	628,688	0.2%
Production output	3,087,216	3,288,021	(6.1%)
Order book (as at 31.12.)	3,001,753	3,190,380	(5.9%)
Headcount (FTE; as at 31.12.)	6,378	6,435	(0.9%)

EBIT Business Units

(in CHF million)

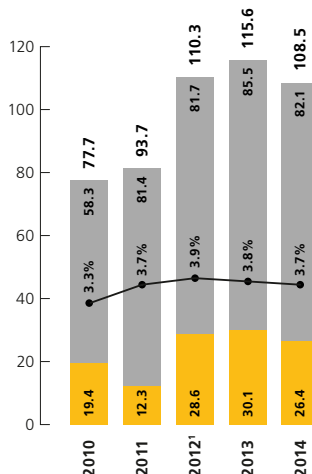


■ 2nd half-year
 ■ 1st half-year
 ● Margin (in %)

1 Restated

Operating income

(in CHF million)



■ 2nd half-year
 ■ 1st half-year
 ● Margin (in %)

1 Restated

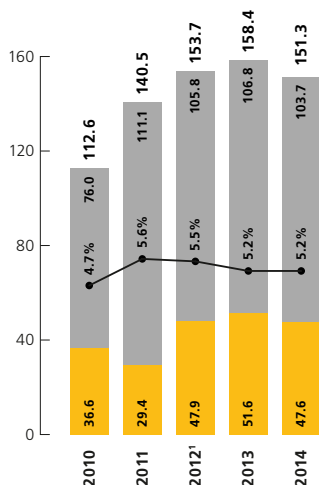
Implenia posted consolidated revenue of CHF 2920 million in 2014, which is 4.5% lower than the record figure recorded in 2013. After currency adjustments revenue was 3.6% lower than in the prior year. In line with strategy the fast-growing Modernisation business achieved a 65.1% jump in revenue. Construction Switzerland improved its EBIT by 15.2%. The other Business Units were either at or below the prior-year level.

Operating income significantly over the 100 million franc mark

Operating income for the period under review came to CHF 108.5 million (previous year: CHF 115.6 million). The correction in first-half results, caused by a revaluation of specific projects at Business Unit Buildings was, as communicated at the time, a one-off occurrence. As announced, however, the Business Unit's good performance in the second half was not enough to make up all the lost ground. Implenia got back on track after a difficult start to the year and at Group level easily fulfilled the revised expectations announced at the halfway point. The operating margin of 3.7% was more or less the same as the previous year's (2013: 3.8%). In the second half of 2014 Implenia achieved its second best operating margin ever.

EBITDA

(in CHF million)

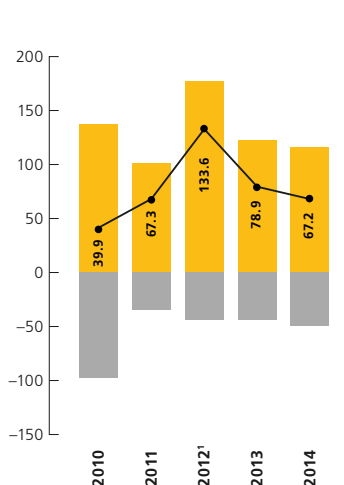


2nd half-year
 1st half-year
 Margin (in %)

1 Restated

Free cash flow

(in CHF million)



Cash flow from operating activities
 Cash flow from investment activities
 Free cash flow

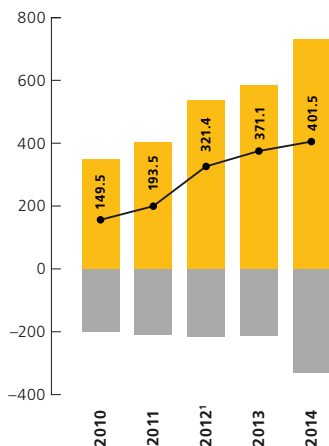
1 Restated

Key balance sheet figures

	31.12.2014	31.12.2013	Δ
	CHF 1,000	CHF 1,000	
Cash and cash equivalents	731,534	582,581	25.6%
Real estate transactions	229,777	217,473	5.7%
Other current assets	982,649	982,297	0.0%
Non-current assets	413,699	414,023	(0.1%)
Total assets	2,357,659	2,196,374	7.3%
Financial liabilities	330,057	211,512	56.0%
Other liabilities	1,397,813	1,356,174	3.1%
Equity	629,789	628,688	0.2%
Total equity and liabilities	2,357,659	2,196,374	7.3%
Net cash position	401,477	371,069	8.2%
Investments in real estate transactions	54,974	51,665	6.4%
Investments in fixed assets	49,151	54,064	(9.1%)
Equity ratio (in %)	26.7%	28.6%	–

Net cash position

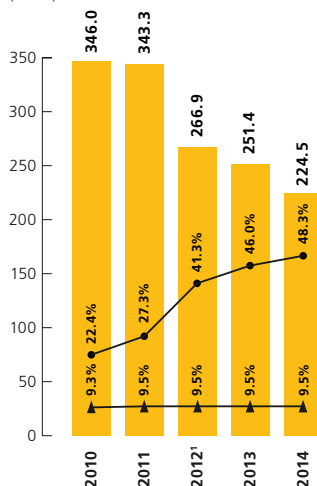
(in CHF million)



■ Cash and cash equivalents
■ Financial liabilities
● Net cash position

Return on invested capital (ROIC)

(in %)



■ Invested capital (in CHF million)
● ROIC (operating income/invested capital)
▲ WACC before tax

1 Restated

1 Restated

Business Unit EBIT reached a healthy CHF 103.4 million. The difference compared with the previous year is mainly due to one-off problems with projects in the Business Unit Buildings. The EBIT recorded under “Miscellaneous/Holding” was once again influenced by IAS 19 earnings. We expect IAS 19 to have a positive effect in 2015 too, though lower discount rates will mean this is not as large as it has been. Finally, consolidated profit was negatively affected by payments arising from completed tax assessments. Consolidated profit for the 2014 financial year came to CHF 73.0 million, down from CHF 82.6 million in the previous year.

Group order volumes, at CHF 3002 million, were lower at the end of 2014 than a year previously (2013: CHF 3190 million). The backlog of orders is still worth more than a year's turnover however, so Implenia will continue to have good visibility in the marketplace. The level of incoming orders in the Business Units Modernisation, Tunnelling & Civil Engineering and Construction Switzerland was particularly pleasing.

Headcount within Implenia Group remained more or less constant up to the end of the 2014 financial year. The Group employed a total of 6378 people at the end of the year (full-time equivalents, including temporary staff). For more information, see the Employees chapter starting on page 82.

Solid generation of funds and high return on capital

In 2014 Implenla once again created substantial value: Return on invested capital reached a very good 48.3%. This is higher than the excellent figure of 46.0% recorded in 2013 and much higher than the average cost of capital of 9.5%.

In September 2014 Implenla placed a new ten-year bond issue worth CHF 125 million with an interest rate of 1.625%. The bond allows Implenla to refinance itself on attractive terms and further diversifies its debt in terms of maturities. The successful placement reflects the capital market's faith in Implenla's market position and very promising prospects.

At the end of 2014 Implenla Group's equity stood at CHF 629.8 million, which is higher than a year previously (2013: CHF 628.7 million). With total assets rising 7.3% to CHF 2358 million, the Group's equity ratio went down from the previous year's 28.6% to 26.7%. Implenla thus still has a solid equity base by industry standards.

Invested capital

	31.12.2014	31.12.2013	Δ
	CHF 1,000	CHF 1,000	
Current assets excl. cash and cash equivalents	1,212,426	1,199,770	1.1%
Non-current assets (excl. pension assets)	408,001	407,839	0.0%
Less debt capital (excl. financial liabilities and pension liabilities)	(1,395,886)	(1,356,174)	(2.9%)
Total invested capital	224,541	251,435	(10.7%)

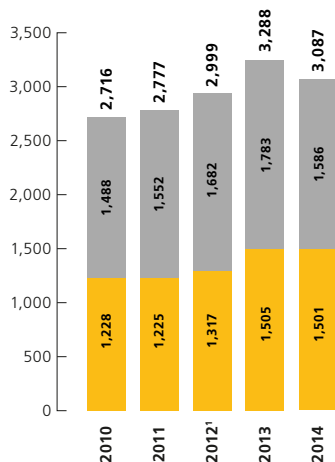
Operating income

	2014	2013 ¹	Δ
	CHF 1,000	CHF 1,000	
Modernisation & Development	40,179	40,203	(0.1%)
Buildings	10,405	18,313	(43.2%)
Tunnelling & Civil Engineering	15,699	20,394	(23.0%)
Construction Switzerland	28,527	24,757	15.2%
Norge	8,597	10,285	(16.4%)
Miscellaneous/Holding	5,057	1,663	204.1%
Total operating income	108,464	115,615	(6.2%)

¹ See page 220, Note 5

Production output

(in CHF million)

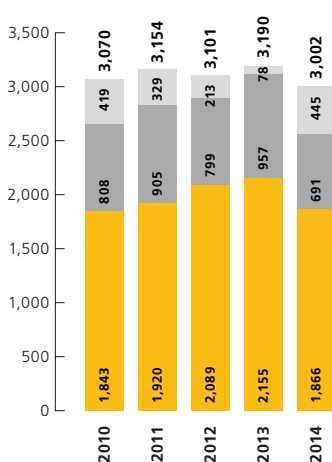


■ 2nd half-year
■ 1st half-year

1 Restated

Order book

(in CHF million)



■ Revenue in third subsequent year and beyond
■ Revenue in second subsequent year
■ Revenue in subsequent year

Production output

	2014	2013 ¹	Δ
	CHF 1,000	CHF 1,000	
Modernisation & Development	361,104	324,048	11.4%
Buildings	1,536,267	1,680,043	(8.6%)
Tunnelling & Civil Engineering	374,140	438,208	(14.6%)
Construction Switzerland	898,689	929,230	(3.3%)
Norge	317,361	320,882	(1.1%)
Miscellaneous/elimination of intra-group services	(400,345)	(404,390)	(1.0%)
Total production output	3,087,216	3,288,021	(6.1%)

1 See page 220, Note 5

Outlook for 2015

The overall volume of construction activity in Switzerland this year is likely to remain about the same as in 2014. Residential construction seems to be consolidating at a high level. Continuing good fundamentals, such as low interest rates and a low non-occupancy rate, are keeping demand buoyant. Meanwhile numerous planning permits were granted for new homes in 2014, which should ensure construction volumes remain high. Uncertainty about the implementation of the “mass immigration initiative” in Switzerland may have a negative effect on demand. The marked downward correction in economic forecasts following the removal of the Swiss National Bank’s minimum euro exchange rate in January 2015 has also increased uncertainty. Investment in Switzerland’s infrastructure should remain high in 2015. Infrastructure projects usually extend over a long period, which guarantees a stable market situation. From around 2016 onwards the adoption of the FABI initiative (funding and expansion of Swiss rail infrastructure) by Swiss voters should also have a positive effect on the market.

Infrastructure construction in Norway should continue to perform well thanks to the country’s multi-year public sector plan to invest in transport infrastructure. However, it is very likely that competition and price pressure will intensify in Norway.

Implenia significantly improved its structures during the year under review. The “One Company” philosophy has been established throughout most of the business, collaboration within the company is closer, and different areas are better integrated with each other. The investments made to optimise processes in 2014 will already start to pay off this year. 2015 is also the year during which Bilfinger Construction will be integrated. Implenia will take the time it needs to do this properly. The acquisition of Bilfinger Construction means Implenia is now more diversified and international than ever. Risks are more broadly spread, giving the Group a more balanced risk profile. For all these reasons Implenia is confident about the 2015 financial year. The Group confirms the medium-term EBIT goal it set in 2013 of CHF 140–150 million. The Bilfinger Construction acquisition makes this medium-term goal even more achievable.

Order book

	31.12.2014	31.12.2013 ¹	Δ
	CHF 1,000	CHF 1,000	
Modernisation & Development	190,384	172,522	10.4%
Buildings	1,440,710	1,816,036	(20.7%)
Tunnelling & Civil Engineering	699,758	414,834	68.7%
Construction Switzerland	410,337	330,726	24.1%
Norge	260,564	456,019	(42.9%)
Total order book	3,001,753	3,190,380	(5.9%)

¹ See page 220, Note 5

MODERNISATION & DEVELOPMENT

Key projects

Portalyssa, Lyss: On a former industrial site right next to Lyss train station a new housing development is being created with five buildings offering 142 homes. Each property will fulfil all Minergie standards. Implenia is building the 96 rental apartments as a total contractor on behalf of the "Previs Vorsorge" pension fund, and selling the 46 owner-occupied apartments itself. The contract is worth around CHF 50 million. (Picture)

Les Hauts de Drize, Plan-les-Ouates: In the Geneva municipality of Plan-les-Ouates Implenia is developing and building two buildings offering 50 apartments, of which 31 are being sold and 19 rented. The buildings are being constructed to the Minergie standard. The work will be completed in November 2016.

Hasel School, Spreitenbach: There is a growing need for school capacity in Spreitenbach, so the municipality has commissioned Implenia as general contractor to extend and reconfigure the Hasel school campus. Implenia is also responsible for managing the construction site as well as for the wooden facade and pile driving. Construction began in August 2014.



Modernisation & Development Business Unit

Implenla Modernisation & Development can look back on a successful 2014: The fast-growing Modernisation business achieved a significant increase in income and profit, while the Development (project development) business was able to build on the prior year's excellent results.

The Modernisation business reported EBIT of CHF 5.2 million for the year under review, compared with CHF 3.7 million in 2013. Revenue rose by 65.1% to CHF 219.9 million.

Key figures Modernisation

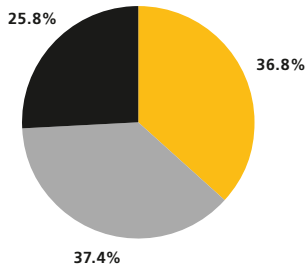
	2014	2013 ¹	Δ
	CHF 1,000	CHF 1,000	
Revenue	219,917	133,181	65.1%
EBIT	5,194	3,660	41.9%
Production output	219,941	133,181	65.1%
Order book (as at 31.12.)	190,384	172,522	10.4%
Headcount (FTE; as at 31.12.)	411	397	3.5%

Key figures Development

	2014	2013	Δ
	CHF 1,000	CHF 1,000	
EBIT	34,985	36,543	(4.3%)
Headcount (FTE; as at 31.12.)	59	47	25.5%

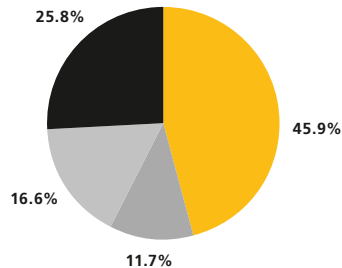
¹ See page 220, Note 5

Modernisation production output 2014 by business segment



Execution
GC/consultancy
Wooden Construction/Engineering

Modernisation production output 2014 by region



Zurich
Northwest
Central
Wooden Construction/Engineering

Full project pipeline in Modernisation business

The Modernisation unit successfully positioned itself with a comprehensive range of consultancy, planning and execution services. Its order book was worth CHF 190.4 million on 31.12.2014, 10.4% higher than a year previously. This represents a well filled project pipeline, with contracts worth around CHF 65 million acquired in the Zurich area alone. One of the biggest projects acquired during the year under review was the total refurbishment of the "Flurpark" office building in the Zurich district of Altstetten. Across approximately 16,000 m² of floorspace, the building will have room for around 1000 workers. It is scheduled for completion in summer of 2015. On behalf of Allianz Suisse, Implenia is also refurbishing two large office buildings at an attractive location in the middle of Zurich. Taking account of the future tenants' needs, it is creating contemporary, flexible office premises on the upper floors, with retail and restaurant space on the ground floor. The focus in 2015 is on rolling out the new business model to new regions.

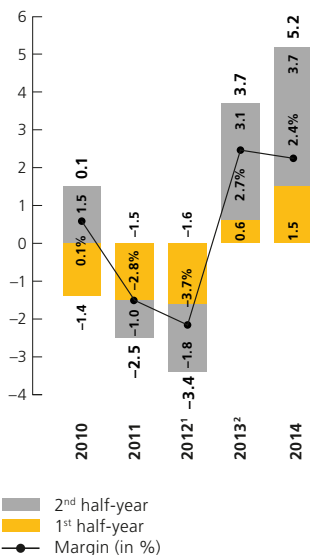
Broad-based project development

At CHF 35.0 million, EBIT generated by the Development (project development) area during the year under review was only just short of the record figure achieved in the previous year (2013: 36.5 million). The Development area's project portfolio is geographically well diversified. Its good result is based largely on the dynamic markets of Greater Zurich and Lake Geneva. One of the milestones in the Lake Geneva region is the "Les Hauts de Drize" project in the Geneva district of Plan-les-Ouates, where two buildings containing a total of 50 apartments are being built.

Investments in the land bank increased compared with the prior year, leading to a rise in its value from CHF 217 million to CHF 230 million.

EBIT Modernisation

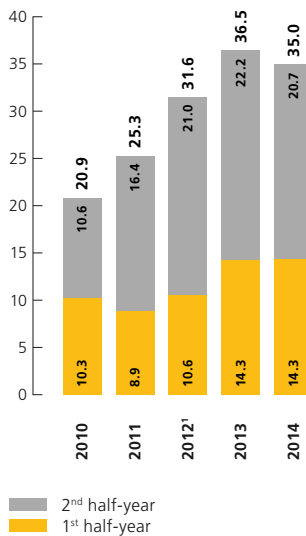
(in CHF million)



1 Restated
2 See page 220, Note 5

EBIT Development

(in CHF million)



1 Restated

Modernisation & Development highlights 2014

- Growth driver: Modernisation business achieves significant increase in revenue and earnings
- Well positioned: Project development profits from broadly diversified portfolio
- Expansion: Modernisation rolls out successful business model to new regions

BUILDINGS

Key projects

Jakobshornbahn, Davos: Just in time for the 2014/15 winter season Davos Klosters Bergbahnen, the operating company, has replaced the cable car that takes skiers up from Davos Platz to the Jschalp. In record time and often difficult weather conditions Implenia has built a new cable car and refurbished the top and bottom stations for a cost of around CHF 23 million. The site and the logistics of reaching the mountain station presented particular challenges. (Picture)

The Metropolitans, Zurich: “The Metropolitans” are two 20-storey residential buildings located in the up-and-coming Zurich Nord district. The development offers owner-occupied apartments ranging in size from 75 to 200 square metres, giving residents a panoramic view of the Alps and of the city, from the Uetliberg right round to the airport. The apartments in the West Tower will be ready for residents by spring 2015 and those in the East Tower by summer 2016. As well as building The Metropolitans, Implenia has also developed the whole project.

Torre Arbedo, Arbedo: The refurbishment and repurposing of an industrial site as a residential development has presented Implenia with various challenges. The Arbedo tower was dismantled internally and given eleven new stories. 38 apartments were created, providing a breath-taking view over the surrounding mountains. The client is CSA Real Estate Switzerland, an investment group within the Credit Suisse Investment Foundation.



Buildings Business Unit

After a weak first six months, the Buildings Business Unit regained its stride in the second half of 2014. Processes were optimised and rigorously put into practice. These measures already started to bear fruit in the second half of the year.

The Buildings business, which brings together Implenla's expertise in planning, general contracting and execution of complex buildings, achieved turnover of CHF 1529.3 million in 2014. EBIT amounted to CHF 10.4 million, compared to CHF 18.3 million in the prior year. The fall in earnings is due to a weak first-half performance caused by problems with various projects in the key Western Switzerland region. As predicted half way through the year, this dip proved temporary, and in the second six months Buildings managed to lift its EBIT margin even higher than in the equivalent period of 2013. In German-speaking Switzerland, Implenla Buildings produced a solid performance throughout the whole of the year under review.

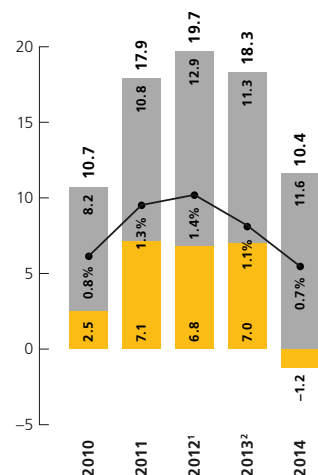
Key figures Buildings

	2014	2013 ¹	Δ
	CHF 1,000	CHF 1,000	
Revenue	1,529,295	1,655,267	(7.6%)
EBIT	10,405	18,313	(43.2%)
Production output	1,536,267	1,680,043	(8.6%)
Order book (as at 31.12.)	1,440,710	1,816,036	(20.7%)
Headcount (FTE; as at 31.12.)	1,131	1,180	(4.2%)

¹ See page 220, Note 5

EBIT Buildings

(in CHF million)



■ 2nd half-year
 ■ 1st half-year
 ● Margin (in %)

¹ Restated

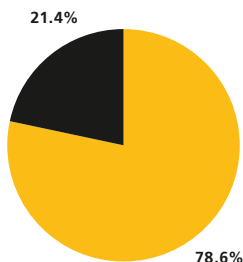
² See page 220, Note 5

Disciplined acquisition and execution

One of the beacon projects carried out during the year under review was the refurbishment and conversion of “Torre Arbedo”, a former mill situated outside Ticino’s cantonal capital Bellinzona. The 38 open-plan, loft-style apartments created were ready for tenants in December 2014. The renewal of the first section of the cable car line up to the Jakobshorn in Davos, however, was made extremely challenging by a very tight timetable.

At CHF 1441 million the order backlog was down on the prior year. This decline can be attributed to a risk-conscious acquisition strategy and disciplined process implementation. New projects acquired during the year under review included a car park in Kaiseraugst with 2000 spaces spread across two underground and seven overground storeys. With a view to improving margins, the focus during the year under review will be on rigorous application of processes – from acquisition and calculation to procurement, risk management and execution.

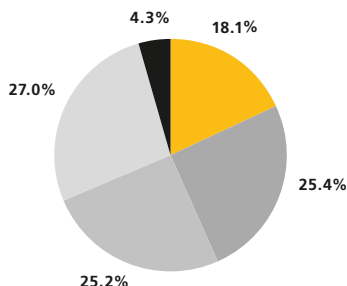
Production output 2014 by business segment



■ Total and general contracting
■ Building construction

Residential 45%
 Intercompany orders 28%

Production output 2014 by region



■ East
■ Zurich
■ Northwest/Central
■ West
■ Abroad

Buildings highlights 2014

- Back on track: Weak start to the year, strong performance in second half
- Process optimisations have an impact: Better EBIT margin in second half of the year
- Disciplined acquisitions: Quality of orders improves

Key projects

Mositunnel, Brunnen: On the narrow Axenstrasse between Innerschwyz and Canton Uri, Implenia has excavated and built a safety shaft parallel to the existing Mositunnel. This improves safety for road users. All of the excavated spoil was refined and reused as building material, e.g. as infill for the project itself. (Picture)

New Semmering Base Tunnel/Fröschnitzgraben Tunnel, Steinhaus am Semmering (AT):

The New Semmering Base Tunnel is one of ÖBB-Infrastruktur AG's most important large-scale infrastructure projects. The twin-shaft railway tunnel between Gloggnitz and Mürzzuschlag links Lower Austria and Steiermark. Implenia has a 50% share of the EUR 623 million contract and is the technical lead for the SBT 2.1 section (Fröschnitzgraben Tunnel).

Administration centre, Bern: The Federal Office of Construction and Logistics is building a new administration centre in Bern. As a consortium partner Implenia Foundation Engineering's jobs include putting in a special pile system that can capture or conduct heat. The building is being constructed to Minergie-P-Eco standard. Rainwater is harvested and used for cleaning and watering.



Tunnelling & Civil Engineering Business Unit

Tunnelling & Civil Engineering exceeded expectations with its operating result for 2014. Ongoing projects made a good earnings contribution and the order backlog was markedly higher than in the previous year.

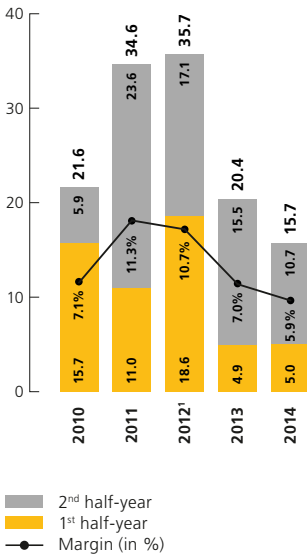
Business Unit Tunnelling & Civil Engineering saw turnover fall by 8.8% to CHF 266.2 million in 2014. EBIT came to CHF 15.7 million, down from CHF 20.4 million in the previous year. Ongoing projects in Switzerland performed particularly well.

Key figures Tunnelling & Civil Engineering

	2014	2013	Δ
	CHF 1,000	CHF 1,000	
Revenue	266,237	292,052	(8.8%)
EBIT	15,699	20,394	(23.0%)
Production output	374,140	438,208	(14.6%)
Order book (as at 31.12.)	699,758	414,834	68.7%
Headcount (FTE; as at 31.12.)	770	845	(8.9%)

EBIT Tunnelling & Civil Engineering

(in CHF million)



1 Restated



René Kotacka new Head of Implenla Tunnelling & Civil Engineering

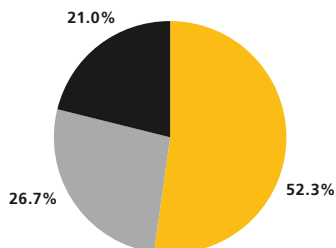
On 16 December 2014 René Kotacka was appointed to the Group Executive Board. He had been running the Business Unit Tunnelling & Civil Engineering on an interim basis since the death of the then Head Arturo Henniger in August 2014.

Well positioned in international tunnelling

Work began on the major Semmering base tunnel project in Austria on 1 July 2014. The project will last ten years. Further important projects during the year under review were the Mositunnel, a section of the Axenstrasse near Brunnen in Canton Schwyz, and a new administration centre in Bern for which Implenla provided foundation engineering expertise.

The business unit increased its order backlog by around 70% compared with the previous year to approximately CHF 700 million. In addition, Implenla has secured another major contract, in Austria worth EUR 140 million (Implenla's share 50%) to build a series of tunnels for the new train line between Graz and Klagenfurt. Winning this order underlines the power of Implenla's international tunnelling unit, which will be made even stronger by the acquisition of Bilfinger Construction (see page 18). This contract, which is being entered as an incoming order in the 2015 financial year, marks a major success in the Group's strategy to expand its infrastructure business in Europe.

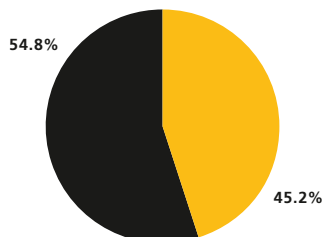
Production output 2014 by business segment



■ Tunnelling
■ Civil engineering
■ Foundation engineering

Refurbishment and maintenance 12%

Order book 2014 by region



■ Switzerland
■ Europe

Tunnelling & Civil Engineering highlights 2014

- Impressive: Ongoing projects perform well
- Successful acquisitions:
Significant rise in order backlog
- Major projects begun: Construction of Semmering-base tunnel will last ten years

Key projects

Rain water drain, Geneva: Since June 2014 Implenla has been working in the Malagnou district of Geneva to separate rain water in the drainage system. On behalf of the City of Geneva, Implenla first used microtunnelling techniques to put in a 245 meter drain. Work began on the second, 150 metre section in November 2014. The company tackled the project as "One Company": Implenla was responsible for the building construction and civil works as well as for the sheet pile walls, jet grouting and micro-tunnelling. (Picture)

Access road, Belp: In Belp the municipal authority and Energie Belp have commissioned Implenla to build an access road between the Linden roundabout and the Hühnerhubel industrial area. The new road improves access to the industrial zone, but also takes traffic away from a residential area. In addition to the new sections of road, two roundabouts and a concrete bridge were built. Tunnelling & Civil Engineering was responsible for driving the large piles for the bridge.

Engelberger Aa flood protection, Wolfenschiessen: Heavy rainfall has caused repeated flooding of the Engelberger Aa river, so in Wolfenschiessen Implenla is replacing the existing wooden bridge with a solid steel and concrete bridge. Implenla prefabricated the concrete beams and the 170 tonne main longitudinal beams on the banks of the river. Moving and placing the longitudinal beams provided a complex challenge.



Business Unit Construction Switzerland

Implenia's Swiss regional business performed well again in 2014, achieving a new record high EBIT margin. This success was driven by the Western Switzerland and Zurich regions as well as by the gravel and surfacing works.

The Business Unit Construction Switzerland, which includes road construction, civil engineering and regional building construction, reported revenue of CHF 846.1 million in 2014, which is 3.0% down on the previous year. Despite the lower volume, EBIT increased by 15.2% to CHF 28.5 million. As a result, the Business Unit improved its EBIT margin from 2.8% in the previous year to 3.4%.

Production output was 3.3% below the 2013 figure at CHF 898.7 million.

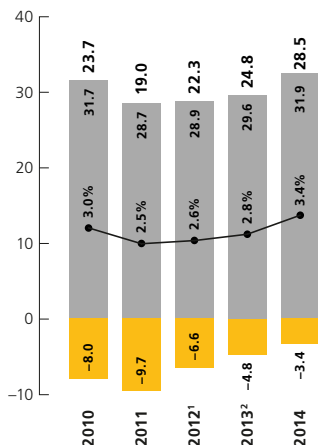
Key figures Construction Switzerland

	2014	2013 ¹	Δ
	CHF 1,000	CHF 1,000	
Revenue	846,132	872,182	(3.0%)
EBIT	28,527	24,757	15.2%
Production output	898,689	929,230	(3.3%)
Order book (as at 31.12.)	410,337	330,726	24.1%
Headcount (FTE; as at 31.12.)	2,579	2,596	(0.7%)

¹ See page 220, Note 5

EBIT Construction Switzerland

(in CHF million)



■ 2nd half-year
 ■ 1st half-year
 ● Margin (in %)

¹ Restated

² See page 220, Note 5

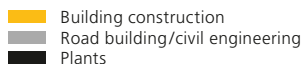
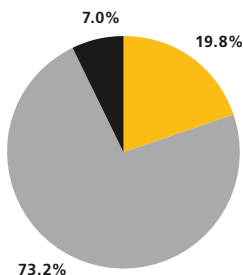
Significant rise in order backlog

The solid result confirmed Swiss regional business as the backbone of the Group's business. Its broad geographical presence proved an advantage: the very good operational performance in Western Switzerland and the Greater Zurich region carried the Business Unit as a whole and compensated for weaker regions. The gravel and surfacing plants also performed very well.

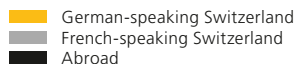
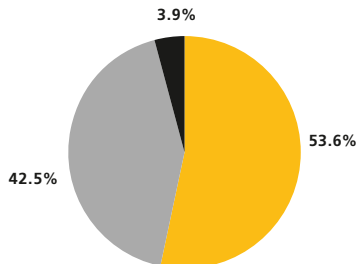
Major projects in Western Switzerland in 2014 included a microtunnelling project for rainwater harvesting in the district around Rue Le Corbusier in Geneva, which was realised in collaboration with Implenia Tunnelling & Civil Engineering. In the Valais municipality of Troistorrents Implenia is building a public car park with around 200 parking bays. Projects in German-speaking Switzerland included a new flood-proof reinforced concrete bridge over the Engelberger Aa river near Wolfenschiessen as well as an access road with a bridge and two roundabouts in the Bernese municipality of Belp.

The order backlog of CHF 410 million – about a quarter more than in 2013 – suggests that business will continue to be good. Long-term public sector spending plans are helping to ensure stability. Among other projects, Implenia is leading a consortium that won the contract to refurbish the A6 motorway between Rubigen and Kiesen for around CHF 96 million. The new orders reflect the Group's proven expertise in road building and civil works.

**Production output 2014
by business segment**



**Production output 2014
by region**



Construction Switzerland highlights 2014

- Reliable backbone: Another good performance of Swiss regional business
- Regional strengths and plants: Western Switzerland, Zurich and the plants are the main drivers
- Know-how: New orders reflect road building and civil engineering competence

Key projects

Pedestrian and bicycle bridge, Trondheim:

The rotating bridge over the Skansen canal connects Trondheim's Ila district with the artificial island of Brattøra, where the city has its port and railway station. The bridge swings open so ships can still use the canal. In addition to the bridge itself, Implenia is building pedestrian and cycle paths and a park area on the canal's eastern bank. (Picture)

E6 Vinstra-Sjoa: In this major project in Central Norway Implenia is building around 16 km of road, a 3 kilometre tunnel and 28 other structures for the Norwegian Public Roads Administration. The most impressive of these structures is probably the 273 metre-long bridge over a river. These infrastructure improvements will reduce traffic in the village, benefiting not only the inhabitants of Gudbrandsdal, but also road users. Implenia (60%) is realising the NOK 1595 billion project together with a partner (40%).

Biogas plant, Grødalaland: The customer already has a sewage treatment plant in the Grødalaland industrial quarter. The new biogas plant will be used to treat sludge from the sewage plant, as well as other organic waste from other industries.



Business Unit Norge

2014 was a year of consolidation for Business Unit Norge. Investment in structures, a deliberate adjustment to the pace of growth, and currency effects all had an influence on the unit's results for the year.

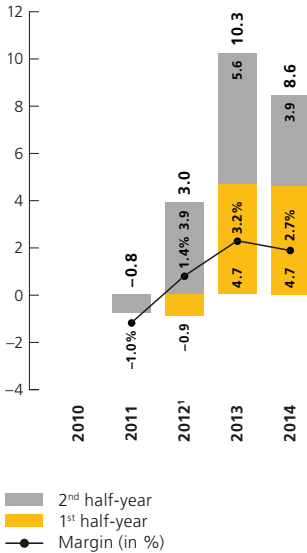
In 2014 Implen Norge generated revenue of CHF 317.4 million, which is just about the same as in the prior year. After adjusting for currency movements, revenue was much higher than in the previous year at CHF 344.5 million (+7.4%). EBIT was 16.4% lower at CHF 8.6 million, though half the fall was due to currency effects. After adjusting for exchange rates, operating earnings were CHF 9.3 million.

Key figures Norge

	2014	2013	Δ
	CHF 1,000	CHF 1,000	
Revenue	317,361	320,882	(1.1%)
EBIT	8,597	10,285	(16.4%)
Production output	317,361	320,882	(1.1%)
Order book (as at 31.12.)	260,564	456,019	(42.9%)
Headcount (FTE; as at 31.12.)	545	478	14.0%

EBIT Norge

(in CHF million)



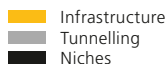
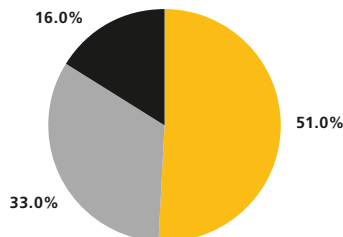
1 Restated

2014: a year of consolidation

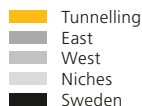
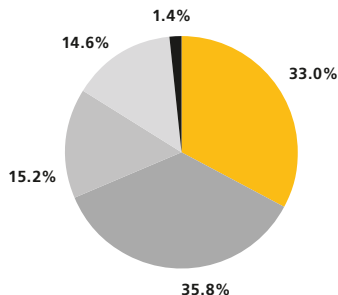
The Business Unit's initial rapid growth outstripped the development of structures, which also had an effect on project margins. In 2014 therefore, Implen Norge concentrated on building up its operational structures and human resources. The major projects realised during the period under review include a pedestrian and cycle bridge over a navigable canal in Trondheim, and a section of the E6 road including tunnels and other structures in central Norway.

In the wake of the deliberately initiated consolidation phase fewer contract bids were put in during the year under review. As a consequence the order backlog stood at CHF 261 million at the end of the year, which was lower than at the end of 2013 (CHF 456 million). Important new orders acquired during the year under review include the contract for the construction and electrical work required for the refurbishment of the Fannefjord Tunnel. Winning this contract is proof of Implen Norge's expertise in maintaining complex infrastructure. During the period under review there was a noticeable increase in competition in the Norwegian market. However, Implen Norge is well positioned and will assert itself.

Production output 2014 by business segment



Production output 2014 by region



Norge highlights 2014

- Investing in the future: in structures, processes and personnel
- Exchange rate pulls back results: Devaluation of Norwegian krone reduces revenue and earnings
- Robust: Implen Norway is asserting itself in the face of strong competition

Corporate Center

Implenia's Corporate Center brings together the following central services: Corporate Controlling, Procurement, Marketing/Communications, Investment Management, Treasury, Legal, Financial Risk Management, Investor Relations and Business Development.

Corporate Controlling

Corporate Controlling covers the financial functions of accounting, consolidation and services, and business controlling. Its top priority at the start of the 2014 financial year was to implement and optimise a new SAP solution. The financial planning process was revised and further standardised. In the second half of the year Corporate Controlling worked intensively on the due diligence for Bilfinger Construction.

Procurement

Procurement, which was integrated into the Corporate Center during the period under review, now fits very well with the other central services. Procurement is responsible for Implenia Group's entire purchasing volumes and supports the operational areas with projects – from preparing the initial offer right to the end of the guarantee period. A supplier management solution that enables Implenia and its suppliers and contractors to deal with each other on an equal footing was implemented in 2014.

Marketing/Communications

As part of Implenia's programme of social engagement, Marketing/Communications finalised implementation of its strategy for working with sheltered workshops in 2014. Implenia now works with seven sheltered workshops around Switzerland, buying goods and services from them and encouraging social interaction by arranging for its own staff to spend time working in the institutions.

Implenia came second in the design category of the 2014 Swiss Annual Report Ratings (having won the category in 2013). At the beginning of July 2014 Implenia's first online annual report (<http://annualreport.implenia.com>) won silver at the Best of Corporate Publishing Awards in Munich.

Investment Management

Investment Management provided the Group with strategic and operational advice on matters requiring a combination of real estate know-how and financial expertise. In 2014 the main focus was on optimising the project portfolio's risk/return profile based on the portfolio strategy and the likely market outlook.

Treasury

In October 2014 Implenia successfully placed a 10-year, CHF 125 million bond. This achieved further diversification of the company's debt capital base and increased its financial strength.

Legal

The Legal department built up its in-house services covering construction and property law, company, competition and procurement law and procedural law. As well as providing legal support for operational activities, the Legal department provided practical training in contract law and claims management for middle managers and designed the framework for expanding the existing compliance management system.

Financial Risk Management

In 2014 Financial Risk Management integrated the new risk management system into the main construction processes at the Buildings and Modernisation Business Units. This increases the long-term impact of targeted early identification of project opportunities and risks, which in turn helps to increase the company's financial efficiency. As a result, Implenia customers benefit from greater certainty and higher quality.

Investor Relations

Investor Relations can look back on a year during which the department set a new record for number of investor contacts. Beyond Western Europe there was great interest in Implenla from investors in the USA and Canada. Alongside the usual work on the publication of financial results the focus at the end of the year was on the acquisition of Bilfinger Construction. For more information, please see the “Information for Investors” chapter starting on page 112, as well as section 9 of the Corporate Governance Report. Information policy (page 160).

Business Development

In 2014 Business Development spent a lot of time working on the acquisition of Bilfinger Construction. The department provided intensive support during the acquisition phase and it will continue to work on the integration of Bilfinger Construction in 2015.

IT department has a new Chief Information Officer

Implenla has had a new Chief Information Officer (CIO) since June 2014: Guido Schmidt, who now has overall responsibility for the direction of IT in the company. He has worked mainly on the future strategy for Group IT. All IT processes have been analysed with the aim of providing better support for operational units. In future Implenla expects Group IT – especially in the wake of the Bilfinger Construction acquisition – to find potential, create fresh impetus and thus add value.



Implenia 2014 “National Partner” of the European Athletics Championship in Zurich

In many respects the 2014 European Athletics Championships held in Zurich between 12 and 17 August were bigger than any other major sporting event ever hosted by Switzerland. The impact and reach of the event were enormous. An estimated 360 million viewers around the world followed the competitions on TV, while around 250,000 attended in person. Major projects on this scale rarely happen in Switzerland and can only be staged if a number of significant forces work together and commit to the idea. Implenias seized the opportunity and took responsibility. As “National Partner” Implenias used its specialist skills in the preparation phase before the event to erect wooden structures for television, for victory podiums, cable bridges, barriers and corridors, and put its general contracting expertise to use in and around the stadium. During the Championships Implenias was involved in this great event with its customers, partners and employees. The presence of the Implenias brand greatly increased awareness of the company.

Technical Support

As Implenla Group's "technical conscience" Technical Support plays a central role. The department optimises processes, promotes innovations and drives forward sustainability. In 2014 the unit invested again in streamlining, standardising and simplifying processes.

Technical Support brings together Implenla's technical capabilities and support functions. It includes the following areas: Implenla Management System (IMS) & Innovation, Lean Operations, Technical Risk Management, Health & Safety, Sustainability and Insurance. You will find detailed information about "Health & Safety" and "Sustainability" in the relevant chapters starting on pages 92 and 98 respectively. Technical Support is among other things the engine for Implenla Group's sustainability and innovation strategy. Jörg Kaiser, who has been in charge of Technical Support since August 2014, not only reports directly to the CEO but also attends meetings of Implenla's Group Executive Board and Sustainability Committee.

Transferring knowledge

The Implenia Management System (IMS) brings together the organisation's knowledge and processes and helps optimise project management. IMS is the subject of intensive training at Implenia.



IMS 2.0 will further improve process integration

The Implenia Management System (IMS) & Innovation department is responsible for developing work processes from a customer-centric perspective with the aim of contributing to Implenia's success.

In spring 2014 the Group Executive Board decided to analyse the degree to which processes had been implemented at Implenia Buildings. Workshops and one-to-one meetings were held to identify problems, root out causes and discuss solutions. Project phases and responsibilities were then redefined in order to improve cooperation between individual operational areas and Group functions (see page 81). These improved processes were presented to every employee of Implenia Buildings in the form of interactive training sessions, which were well received.

IMS 2.0 is designed to keep improving the efficiency of processes and help those responsible to work with these processes. Project management within IMS was further professionalised with the help of innovative methods and technologies. Implementation continues in 2015, initially in the Business Unit Buildings and subsequently in Implenia's other Business Units.



Successful pilot project

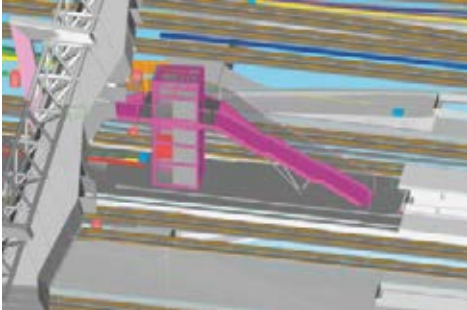
Thanks to Lean Construction the Business Unit Buildings completed the “The Metropolitans” project in Zurich faster and more profitably. Each of the two 20-storey buildings will offer owner-occupied apartments with panoramic views of the Alps and of the city, from the Uetliberg right round to the airport.

Introducing the Lean Operation Model in numerous profit centres

Lean Construction facilitates standardised project development and therefore properly coordinated processes between General Contracting and Industrial Building Construction. Lean Construction helps to optimise construction processes, spread the workload more evenly, reduce defects and save costs.

In 2014 the Lean Operating Model was defined within the Group and a training centre was set up in Aarau. The Lean Operating Model also features in the new management training programmes “Winning the Future” and “Winning Performance”. In the Business Unit Construction German-speaking Switzerland standardised roles and responsibilities were defined at all functional levels within the Bern, Aargau, Solothurn, Northwest Switzerland and Grisons profit centres. At the Bern profit centre, all function levels were given financial benchmarks for operational performance.

At the Business Unit Buildings use of Lean Construction led to improvements in meeting deadlines and greater profitability in the “schorenstadt” and “The Metropolitans” projects in Basel and Zurich. A new pilot project using Lean Construction has been launched in Baden. As with “The Metropolitans” the focus in Baden is on total process analyses, dynamic cycle planning and control, as well as early involvement of planners, engineers and subcontractors.



3D simulation

Business Information Modelling (BIM) makes it possible to produce a 3D impression of a project.

BIM – innovation proves its worth in Switzerland

Model-based construction, or Building Information Modelling (BIM), uses modelling to visualise the planning and execution of a construction project (see illustration above). The technique is becoming popular all over the world. Implenia covers the entire construction services value chain and so is in an ideal position to play a leading role in the introduction of BIM in Switzerland. In project development BIM is used to optimise design solutions and speed up drafting by means of simulations. BIM also helps with cost calculations, because quantities can be determined more accurately and quickly; and because projects can be broken down in more detail for tenders BIM aids construction by increasing the potential for prefabrication, which saves costs and time. BIM also improves logistics planning and thanks to thorough clash detection, it reduces the number of errors.

In 2014 Implenia signed off on a strategy that should see the introduction of BIM in all Business Units. As a first step, BIM was introduced during the year under review to the Estimations departments in Business Units Buildings and Norge. In 2014 the new elephant enclosure at Zurich Zoo became one of the first construction projects in Switzerland to be built with the help of BIM. After appointing two BIM managers, setting up internal training and developing the required IT infrastructure, Implenia now has the expertise and resources to carry out BIM projects. Against this background, Implenia has agreed to a training and development partnership with the University of Applied Sciences and Arts Northwestern Switzerland, and is working as part of a study with the Commission for Technology and Innovation. Implenia has also just become a member of the Center for Integrated Facility Engineering (CIFE) at Stanford University, USA.













They're building Switzerland's future

High in the air and deep under the mountains, day and night, all year long. Almost unnoticed by the general public, thousands of Implenias specialists are working on hundreds of construction sites to improve our country's infrastructure and create spectacular buildings. Who are these people, whose faces we rarely see and who we often pass by without a glance? We visit two construction sites and hear from six of the people who work there.

"I enjoy the work. If I didn't, I would've stopped being a builder a long time ago. As long as I stay healthy, I'll do this until I retire."



Arun Velija, Mason/Formworker, Implenias Schweiz AG

Higher and higher in Zurich

Arun Velija is one of the people working day after day to ensure the Kornhaus grain silo can continue to do its job properly in future. He comes from Kosovo and has lived in Switzerland for 25 years. Shuttering, concreting, putting in steps, making recesses – Velija loves working in construction. He has no problem with the hours, even if he sometimes has to work a nightshift. "I really like it – it's almost like working in the daytime. Everything is well lit, and the children laugh when I get in from work in the morning just as they're getting up."

Mehmet Brkic has also been in construction for many years, and says that he wouldn't have been doing it for so long if he didn't like it. And then he says, with some pride: "Since working in construction, I've never yet been ill." The Bosnian came to Switzerland in 1988 and lives in Volketswil. He has worked for other construction firms before but has been at Implenias for two years. Right now he's operating the high-pressure water jet to roughen up the concrete.

His colleague Agostinho Oliveira, the foreman, has worked in construction for 34 years, 20 of which have been at Batigroup and Implenias. One of his jobs is to ensure the safety of his team. "What makes me really happy is the way colleagues work together and the camaraderie on site." He's currently very interested in slipform construction: "The formwork moves almost by itself 24 hours a day. This is the first time I've seen it in real life." Of course this means that Oliveira also sometimes has to work

at night too, but he can cope. “I’m single at the moment, so it’s not a problem,” he says and laughs.

More room for trains in Canton Valais

The twin-track railway tunnel just outside St.Maurice in Canton Valais is narrow, windy and cold. And until now it hasn’t been high enough to take double-decker trains; but this is about to change. Since spring 2014, working first on the river-side track and then on the mountain-side track, the floor, ceiling or both, depending on the position, have been cut away to gain the required height. In addition a 34 metre cut-and-cover section is being carved out directly outside the St.Maurice train station. While work proceeds on one track a train passes by on the other roughly once every four minutes. A separating wall keeps everyone safe, but the workers are still under a lot of pressure, explains site manager Xavier von Mandach: “It’s a very challenging, complicated and dangerous construction site. Thanks to rigorous implementation of Implenia’s strict health and safety rules, there hasn’t been a single accident so far and not one train has had to be cancelled.”

People from more than 70 different nations work for Implenia, including a lot of Portuguese. For José Alves work in the tunnel is nothing new. The electrician from Portugal has plenty of experience: “I’ve been in Switzerland for 25 years and have always worked in tunnelling. What I like about it most is that it’s never the same. I start from scratch with the electricians at every tunnelling site.” At the St.Maurice tunnel,

the heart of the electrical system is a 6000 volt transformer, which weighs two tonnes and supplies the spray robots, giant drills and other machinery with power. “The tunnel is ‘only’ 456 metres long, so installation is relatively simple. In longer tunnels it can be difficult to get everything in the right position.”

Foreman André Ferreira da Silva also has Portuguese roots. The 26 year-old was only one when his family moved to Switzerland. He went to school in Canton Valais and now lives in Vétroz. He’s already been at Implenia for ten years, having done all his training at the company. “This is the first time I’ve worked on a tunnel. I’m very much enjoying doing something different.” Work goes on at the tunnel day and night, sometimes in three shifts. “It’s a bit strange at first, but you soon get used to it.”

“I like discovering and learning new things. That’s the most interesting part of the construction trade. There’s always something going on; it’s dynamic, and I like that a lot.”



André Ferreira da Silva, Overseer, Implenia Schweiz AG

Kornhaus Zurich

Client:	Coop Immobilien AG
Planning:	Dr. J. Grob & Partner AG
Construction contractor:	Implenia Schweiz AG in collaboration with KIBAG Bauleistungen AG
Project remit:	Increase height by 80 m; additional series of silo cells; structural reinforcement
Challenges:	Continuous construction, restricted space between road, river and railway
Special features:	Slipform construction

St. Maurice rail tunnel

Client:	SBB
Planning:	Consortium Monod & Piguët/ BG ingénieurs Conseils SA
Construction contractor:	Implenia Schweiz AG
Length:	456 m plus 34 m cut-and-cover tunnel
Excavated material:	10,000 m³
Project remit:	Lower/raise the tunnel floor/ceiling; remake the floor, crown and sides; rebuild cut-and-cover tunnel
Challenges:	Restricted space, trains on other track, hard limestone
Special features:	“Blitz” phases with total closure over the weekend
Budget:	CHF 20 million (construction), CHF 45 million (overall SBB project)













Into the future with a clear vision

Implenia's success is built on a clear vision and strategy and a set of values shared by all its employees. Based on an integrated business model, Implenla can offer all services along the whole construction value chain from a single source.

Implenia has a vision that encapsulates its ambitions as a leading sustainable construction and construction services company operating on the national and international stage:

We develop and build the Switzerland of tomorrow.

We establish ourselves as a recognised international expert in complex infrastructure projects.

Sustainability is our passion.

We are the partner of choice for customers and employees alike.

Implenia is the market leader in Switzerland and its aim is to help shape the Switzerland of tomorrow – in a spirit of sustainability and to the benefit of society as a whole. Implenla builds new things and renovates old ones; it builds for living, for working, for transport, for leisure, sport and health; it builds traditionally or industrially, as a total contractor or as a specialist. Internationally, Implenla wants to establish itself in selected markets as an expert in demanding infrastructure projects. Sustainability is an integral aspect of Implenla's activities and the principles of sustainability systematically influence all its decisions. With its claim "We are the partner of choice for customers and employees", Implenla is emphasising that customer satisfaction is crucial to the company's success. This is why Implenla aims to offer solutions that meet the needs of customers in the market. But it is the company's employees that ultimately ensure customer satisfaction, so Implenla strives to attract and retain the best talent in the industry.

Built on shared values

The vision will only be fulfilled if all employees are pulling in the same direction. This requires everyone to think and act in line with a common set of values. Implenía has formulated principles that form the foundations of its corporate culture and that everyone in the Group is expected to live up to, actively and consistently. These shared values make Implenía strong.

We are reliable. Implenía keeps its promises, which makes it a reliable partner.

We demand and promote sustainability. Implenía shows responsibility in the way it treats the environment, society and itself. **We have integrity.** Implenía conducts itself properly in accordance with laws, internal regulations and ethical standards.

We are aware of opportunities and risks. Implenía is entrepreneurial in the way that it acts, i.e. it seizes opportunities and minimises risks. **We are transparent.**

Implenía is honest and has nothing to hide. Its stakeholders can understand the reasons for its decisions. **We demand operational and financial excellence of ourselves.** Implenía strives to deliver top operational and financial performance.

We focus on solutions and customers. Implenía puts its customers' requirements and added value first. **We are innovative.** Implenía constantly improves its range of services, responds quickly and never stops developing.

Strategy sets a forward-looking tone

Implenia's goal is to generate value sustainably. In order to achieve this, the company pursues the following priorities:

- **Integrated solutions thanks to a “One Company” approach**

As “One Company”, Implenia encourages collaboration across the different Business Units. Its spectrum of services ranges from development to general contracting and execution. By combining these skills, synergies are exploited and tailor-made solutions can be created for the benefit of the customer.

- **Consistently focused on customer and market needs**

Implenia wants its customers to regard it as the preferred partner for all construction projects. That is why we focus on customer needs and manage projects using experts who can create added value for the customer. With this approach, Implenia can grow together with its customers and in its markets. A good example of this is the relatively new Modernisation unit, which offers huge potential in areas such as conserving energy through energy-efficient construction techniques, and densification in urban centres.

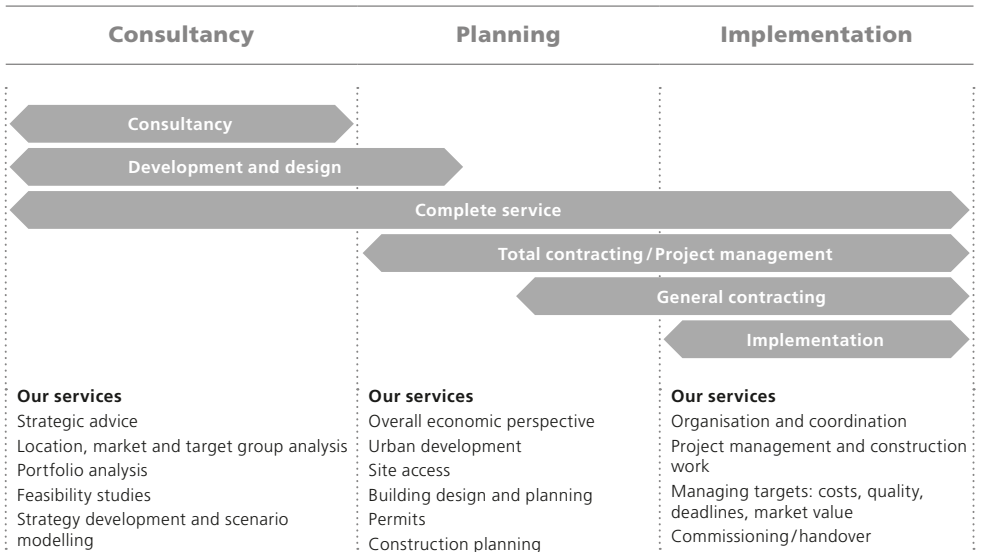
- **Preferred partner for employees**

All of Implenia's accomplishments grow from within. The wellbeing and development of its employees are, therefore, very important to Implenia. Implenia offers its people opportunities and interesting jobs in which they can continually develop.

- **For international markets Innovative. Sustainable**

Implenia is increasingly establishing itself outside its home market of Switzerland. The company's leading international expertise and innovative ideas in the field of complex infrastructure construction create excellent opportunities to strengthen its international market position. Implenia always pays particular attention to the development of sustainable solutions. For information on Implenia's comprehensive commitment to sustainability, please see the “Sustainability” chapter (from page 98), or the 2012/2013 Sustainability Report, published in autumn 2014.

Integrated business model



Added value for our customers

- **Optimising the value of existing and new real estate projects and portfolios**
- **Customised solutions that focus consistently on our customers' requirements**
- **Reduced number of interfaces**

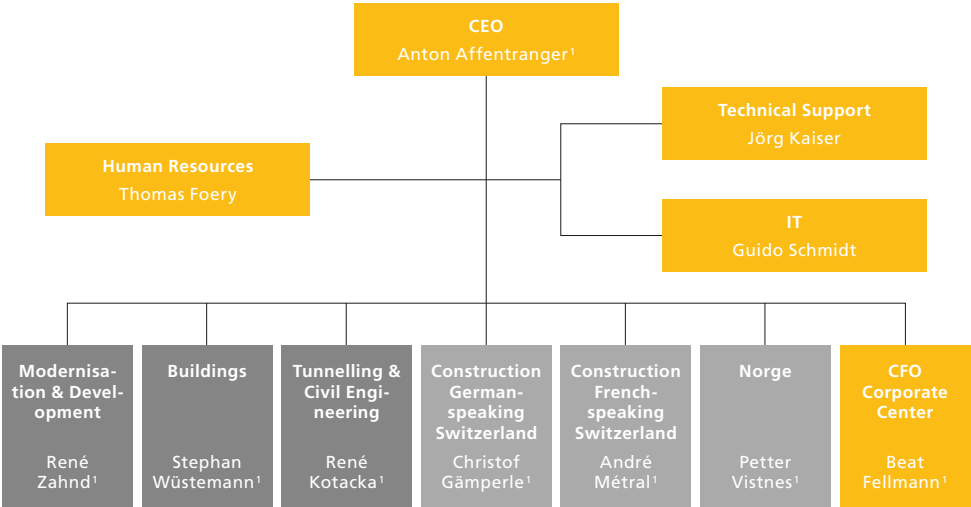
– **For operational excellence in construction**

Implenia is committed to construction and is always striving for operational excellence in the construction value chain. The Group makes targeted investments in developing lean processes, in IT to support operations, and in innovation (see, for example, the feature on “BIM” on page 57).

– **For a strong financial performance**

This strategy is enabling Implenia to achieve an impressive long-term financial performance. The Group exploits its full potential and uses synergies created by cross-disciplinary collaboration and by the consolidation of central functions in the Corporate Center, IT and Technical Support. It also practises strict cost control.

Implenia Group



- Sector business
- Regional business
- Group organisation

¹ Member of the Group Executive Board (GEBO)

Broad-based structure

Implenia's structure is based on functional sector businesses and geographical regional businesses. The Business Units focus on their core areas of expertise but work hand in hand. They are assisted by Technical Support, IT, Human Resources and the centralised Group functions provided by the Corporate Center.

– **Sector businesses**

The Sectors concentrate on supra-regional business, where critical mass and concentration of knowledge are crucial. Where necessary, they support the regions by providing expertise on risk analysis, calculation and project management. In particularly complex business in the regions the Sectors may assume overall responsibility.

– **Regional businesses**

Proximity to the market plays a key role in regional business. The regional Business Units are the face Implenia shows in its regional markets and to local customers. They carry out projects in road construction and civil engineering, regional building and – only in Norway – infrastructure construction. When collaborating with the Sectors, the regions manage projects where a strong local presence is important.

– **Corporate Center**

The Corporate Center provides central services in support of operational entities. These services include Corporate Controlling, Business Development, Investor Relations, Legal, Financial Risk Management, Marketing/Communications, Investment Management, Treasury and Procurement. For more information, see the "Corporate Center" chapter starting on page 50.

– **Technical Support**

Technical Support brings together Implenia's technical capabilities and support functions. These include Insurance, Technical Risk Management, Implenia Management System (IMS) & Innovation, Health & Safety, Lean Operations/Continuous Improvement Process (CIP) and Sustainability. Technical Support has forged close ties with the operational Business Units, acting as a shared facility across the whole Implenia Group. Technical Support creates room for innovation. For more information, see the "Technical Support" chapter starting on page 54.



Bleicherweg, Zurich

Just one example of Implenía's many Modernisation & Development activities: Working as total contractor, Implenía is responsible for the modernisation of the property at Bleicherweg 19, Zurich. Contemporary, flexible and attractive office premises are being created for the future tenants.

Milestones and priorities

Looking ahead, all of the Business Units have clear priorities. These were defined in a "Strategic Roadmap" that was approved and is now being implemented.

– Modernisation & Development

Milestones: The newly positioned unit's second year brought another growth spurt. The integration of the Wooden Construction and Engineering units contributed to this. The upstream Consulting area was further expanded and acquired its first construction contracts. For the Development unit, 2014 was affected by significant market changes caused by various regulations. However, thanks to a robust project pipeline, the prior year's good result was consolidated.

Priorities: The great potential in modernisation business should be exploited initially within the German-speaking region of Switzerland. Implenía has set itself ambitious targets for this.

The Development area, with an eye on the latest megatrends, is always looking to open up new segments for future development.

- **Buildings**

Milestones: Buildings has successfully positioned itself in the market as a new, integrated unit offering all the services required for complex building projects from a single source – from planning to general contractor work to actual construction. In 2014 more work was done on optimising processes (see feature on page 81).

Priorities: The integrated Business Unit Buildings model has now being introduced across Switzerland. Profitability should improve in the medium term as a result of consistent improvements to processes and lean management/lean construction activities.

- **Tunnelling & Civil Engineering**

Milestones: The internationalisation of Tunnelling & Civil Engineering continues. Following an initial concentrated push in the Austrian market, the acquisition of Bilfinger Construction means the focus is now more on Germany. Cooperation between units is being intensified in order to provide Implenla customers with comprehensive optimised services.

Priorities: Following initial tunnelling successes in Austria, Tunnelling & Civil Engineering is increasingly acting abroad as a full-service provider for major, complex infrastructure projects in the mobility and energy sectors. Within Switzerland it bundles its strengths to serve the market.

– **Construction Switzerland**

Milestones: The Business Unit Construction Switzerland, which also includes the surfacing and gravel works, is building up its position in different sectors and regions in line with developments in the regional markets. In the Swiss regions, where it is expanding its road, rail and building construction activities, the Business Unit is putting the emphasis on strengthening relations with customers.

Priorities: Business Unit Construction Switzerland wants to integrate Group functions more into project work so it can offer crucial expertise where the customers need it. The unit is seeking to improve its production processes in the pursuit of operational excellence and sustainability. Its main goal in dealing with customers is to strengthen the quality of its customer relations network – both in the project preparation and during construction.

– **Norge**

Milestones: Following a rapid increase in headcount in the wake of some ground-breaking acquisitions, like the E6 Vinstra-Sjoa project, Implen Norge focused on consolidating the structures required to execute its major projects, cope with rapid growth and achieve future targets.

Priorities: The Business Unit Norge is continuing on its course of consolidation while optimising business activities and considering further project acquisitions.



Keep improving steadily and use our own strengths more efficiently

Clearly defined processes reduce risk. They help people collaborate efficiently across different Business Units. They also help unlock the strengths and the potential that resides within Implenla. In the medium term, clear processes create a competitive advantage, improve operating results and thus increase our freedom as a business. With these aims in mind, Implenla's Business Unit Buildings analysed its process landscape in 2014. A review of the current situation showed that some work processes were not clearly defined, and that this had a negative effect on project work in the first half of the year 2014. Thanks to "IBU Processes", project managers can now access all the revised processes through the Implenla Management System (IMS). These processes are binding and are the subject of training in all locations, so that knowledge gained through practical project work becomes engrained in daily routine. The point when a building is ready for the customer to use marks the end of a long process. Many different departments, units, regions and functions are involved, so the clearer the rules, the smoother the project will run. With its "IBU Processes" project Implenla is once again proving that it wants to exploit its full potential, improve continuously and use its strengths more effectively in future.

EMPLOYEES

Two of many outstanding performances

Implenia people: the best Swiss road-builder and the best Swiss master builder

Implenia's got a lot of talent. Two people in particular impressed in 2014: In September, Implenia employee Sandro Leuenberger (pictured) won his category at "SwissSkills", Switzerland's trades and crafts competition. Over the course of four days, young road builders from German and French-speaking Switzerland put their skills to the test and were assessed by a jury of experts. Meanwhile, Dominik Roth scored the highest marks in Switzerland in the final examination for master builders. This earned him the "Goldener Baumaster" – the Oscar of the Swiss construction industry. The successes of Sandro Leuenberger and Dominik Roth reflect the motivation and passion they each have for their jobs – personal characteristics that match Implenia's values.



Implenia people. Building the future together.

If a company is to be consistently successful, it needs first-class staff. Implenia aims to attract first-class employees and motivate them to stay for the long term. As an attractive employer, it offers exciting projects and jobs, interesting entry opportunities, a comprehensive range of training and development options, and all sorts of different ways of progressing in the company. In short, Implenia aims to be the partner of choice for current and future employees.

In Implenia's business, it is the people above all else that make success possible. Complex construction projects require skill, experience, passion and motivation. And to perform at their best, people need to be in the right working environment. This is why Implenia bases its dealings with employees on trust, responsibility, a focus on performance and fairness. Flat structures guarantee short decision-making paths and encourage people to take responsibility. Management delegates decision-making authority down to the lowest level possible. This principle makes processes more efficient, but it also empowers and motivates employees. Good performance is demanded and appropriately rewarded. Implenia guarantees all of its employees equal treatment regardless of their ethnicity, colour, gender, sexual orientation, religion or political views.

Fair and competitive remuneration

Fair, transparent and competitive remuneration is an essential pillar of modern human resources policy. It helps a business attract the best employees and helps motivate employees to do their job well. For office staff each function is evaluated and remunerated on the basis of the knowledge, problem-solving skills and responsibility involved. A new salary system based on HAY evaluation criteria was introduced in 2011. For on-site personnel, Implenia complies with statutory minimum wage requirements (collective employment agreements). Implenia makes wage adjustments by joint agreement. It can also grant individual wage increases on the basis of employee appraisals. In addition to their agreed basic salary, managers receive a variable salary component tied to the goals they have been given. Employment rules and social benefits also meet modern standards and in many cases go beyond the statutory requirements. For example, employees get an extra week's holiday, while fathers can have a week of paternity leave and mothers enjoy maternity leave of 16 weeks. Pension benefits also exceed the statutory minimum.

Steady trend in headcount

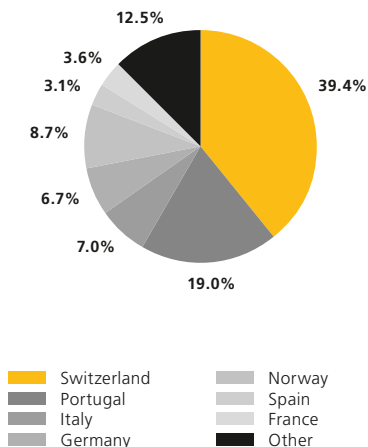
At the end of last year, Implenia employed 6378 people (full-time equivalents, including temporary staff). Around two-thirds of all employees work on construction sites, and a third in office-based jobs. Implenia also trains around 220 apprentices each year in on-site or office-based functions. The fluctuation rate in 2014 came to 11.6% across the company as a whole (excluding seasonal fluctuations), which is just 0.3% higher than in the previous year. Of Implenia's total permanent workforce, 5437 are men and 537 are women. At 9.0%, the proportion of women is higher than in the previous year (2013: 8.6%). Implenia employs people from more than 70 different nations. Around 39.4% of these are from Switzerland, 19.0% from Portugal, 7.0% from Italy, 6.7% from Germany and 8.7% from Norway. These figures do not include around 1900 employees from Bilfinger Construction, which Implenia announced it was acquiring at the end of 2014.

Headcount (FTE)

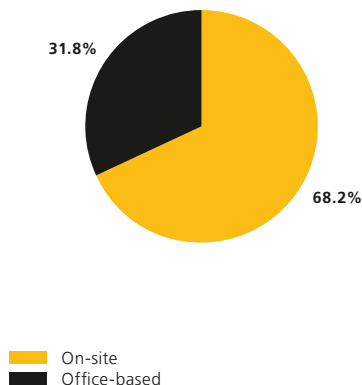
Office and on-site staff	as per 2014	as per 2013 ¹
Modernisation & Development	470	444
Buildings	1,131	1,180
Tunnelling & Civil Engineering	770	845
Construction Switzerland	2,336	2,381
Holding/management	282	238
Total employees (FTE, Switzerland and neighbouring countries)	4,989	5,088
Implenia Norge	545	478
Other countries	243	215
Total employees (FTE, excl. temporary staff)	5,777	5,781
Temporary staff	601	654
Total employees (FTE)	6,378	6,435

¹ See page 220, Note 5

Full-time employees by country of origin 2014



Ratio of on-site employees to office-based employees at end-2014



Attractive training and development programs

In recent years Implenia has invested intensively in training and development. The Group follows clear goals here. It wants to promote young talent from within its own ranks. It wants to enable employees to master the challenges of their particular area and increase productivity and efficiency. How does it do this? By giving employees the latitude and the opportunity to develop within the company over the long term. “Icademy” is Implenia’s in-house training and development concept. It supports the Company’s objectives by encouraging structured individual development of employees’ key skills and abilities. Based on transparent criteria for promotion, job grading and development, training measures are defined that focus on employees’ specific work and hierarchical level. As part of this specialist career concept, Implenia offers modules covering areas such as health and safety at work, personal working techniques, construction techniques, accounting, IT, marketing, sales, operational excellence, law and foreign languages. Training is offered as class-room sessions, on-the-job training and certificated courses. Since 2012 Implenia has used the “Iperform” electronic platform to encourage this holistic approach to employee development. The tool helps each employee to select and manage an individual training and development plan.



Focus on young talent

Olga Bolliger started her career as a mason. She was the first woman in Switzerland to pass the federal construction foreman exams and worked for many years as a foreman. She subsequently moved into vocational training and adult education, including looking after apprentices. She knows the construction industry like the back of her hand. Implenia is proud to have recruited Olga Bolliger. Since 1 November 2014 she has been Head of Apprenticeships, coordinating training activities across the Group.

Targeted support for managers

Employees with management functions are crucial to the achievement of corporate objectives. And in recent years the demands placed on managers have steadily increased. Working in networks has become more important, and the significance of communications and collaborative skills has continued to rise. Consequently, Implenia attaches great importance to a shared understanding of management, and to the ongoing development of its managers' leadership abilities. In 2013 the Group launched a two-part management training concept focused on strategy, management, leadership, communication and operational excellence. In this context, the "Winning the Future" leadership programme for experienced senior managers was launched in 2013 in close collaboration with the Executive School of St. Gallen University (ES-HSG). The programme is aimed at employees from all the language regions and is conducted in English. The first course finished in March 2014. At their graduation ceremony participants delivered their business case presentations in front of Implenia's Board of Directors. The second began in autumn 2014 and continues into 2015. During the year under review Implenia also introduced the "Winning Performance" programme. This is aimed at existing or future managers who have not been in their functions for long or who have just joined Implenia. It covers key themes relating to strategy, team leadership, communication, and personal and social skills. The same training is given to employees from different specialist areas, which encourages people to find out about each other's experiences and helps embed the corporate culture. A group of around twenty participants successfully completed the first cycle of the programme in November 2014.

Finding and promoting talent

Companies have to work harder than ever if they want to compete effectively in the “war of talents”. Especially in the construction industry, where there is a marked lack of specialists, businesses have to offer talented people attractive entry opportunities, actively help them in their career development and thus retain them for the long term. In response to this need, Implenia systematically continued to expand its talent management process during the period under review. This included line managers working closely with HR officers to identify development potential in their staff so that individuals could be given the right development opportunities to help them deal with future challenges. The talent management process also lies at the heart of selecting participants for the management development programme (see above). Identifying and encouraging talent has to happen outside the company too, though, and with its new 12-month trainee programme Implenia offers graduates an attractive, tailored entry route into the business. Consisting of practical and theoretical modules the programme gives graduates a comprehensive insight into the different divisions and offers a solid foundation for a specialist or management career.

The apprenticeship system

Switzerland’s dual system for vocational training is one of the keys to the success of the country’s education system. Implenia believes that training young skilled employees is not only one of the duties of a modern employer, but also something that will directly help it reach its corporate goals. Implenia wants to position itself as a benchmark for promoting young talent in the Swiss construction industry, and it wants to increase the number of young people it recruits. In 2014 a total of 220 apprentices were employed by Implenia in on-site or office-based roles.

Implenia apprentices finishing

	2014		2013	
	Apprentices finishing	Offered work	Apprentices finishing	Offered work
Corporate Center	6	1	9	7
Modernisation & Development	7	4	3	1
Buildings	11	5	10	7
Tunnelling & Civil Engineering	4	4	5	5
Construction Suisse	41	30	40	27
Total	69	44	67	47

Total of young people doing apprenticeships at Implenia

ca. 220

ca. 200



A question of culture

Whether on the construction site or in the office, the working environment at Implenla is characterised by openness and honesty.

Over the summer around 70 apprentices completed their training at Implenla, successes that were celebrated at the company's first cross-disciplinary, Swiss-wide graduation party. Almost two-thirds of the successful apprentices have been given jobs at the company. In 2014 the post of "Head of Apprenticeships" was created and filled to ensure that the apprenticeship concept is properly implemented and that trainers have the right support. As well as increasing the number of apprentices, one of the Head of Apprenticeships' main tasks is to coordinate activities across the Group.

Open and direct communication at work

The working environment at Implenla is characterised by a culture of open, direct discussion. Our internal communications are based on addressing issues quickly in an open dialogue. The CEO, for example, writes directly to employees about the latest issues several times a year in his personal CEO letter. This might address the current state of the company, economic conditions, future prospects or general themes of interest to employees. The staff magazine "Impact", which is published twice a year, contains information about the latest developments within the company. On the "One company, many stories" intranet page, approximately one article a week is posted telling the latest stories from around the company with the aim of encouraging interaction and dialogue. In addition to the various written internal information activities, regular information events are also held on important themes.

Compliance

When the focus is on people, you always have to have clear rules for working together. The Code of Conduct sets out Implenia's principles as a responsible company and contains the rules for how employees should relate to each other, to business partners and to the authorities. The Code forms an integral component of employment contracts for office staff. An interactive e-learning programme has been created to communicate the most important principles and legal requirements in a straightforward way. All office staff are obliged to complete this e-learning module as part of their Implenia induction programme. There is a final test at the end of the course.

Implenia acknowledged as top employer

In 2014 Implenia was once again named as one of Switzerland's most attractive employers. In a major survey of the 100 best employers, the company was named in the top 20 engineering firms, and as the 84th company in the sciences sector – 9 places higher than in the previous year. Around 11,000 students from 40 Swiss universities and colleges took part in the Universum Swiss Student Survey in 2014.



An HR organisation tailored to the company's needs

At Implenla, the Human Resources department is the central function in charge of looking after employees and helping them to perform. The department is divided into five sectors to ensure high-quality service and efficient processes. The responsibilities of each sector in brief are:

HR Operations

Operations takes care of the traditional Human Resources jobs, looking after staff and acting as sparring partner for managers in all the different locations. Operations is responsible for personnel planning, recruitment and for fair and competitive remuneration. It also supports change management and advises line managers on the individual development of their direct reports.

HR Administration

HR Administration handles payroll accounting for the Group's office-based staff. Payroll accounting for on-site staff is handled locally in the regions. HR Administration is also responsible for the management of HR processes within SAP and provides support for other HR sectors on issues relating to enterprise software.

HR Development

The Development sector is responsible for the staff development programmes, i.e. specialist and management training programmes and the apprenticeships scheme. Owing to increasingly rapid and increasingly complex market developments, the demands placed on managers and employees are growing all the time. Accordingly, Implenla's HR Development team was reinforced in terms of personnel and expertise last year. Since the spring, managers have been able to access an even wider range of advisory services, covering themes such as management coaching, team development and career advice.

**Implenia plans and builds for life. With pleasure.**

Working for Implenia means working for Switzerland's largest construction and construction services company. Employees and managers (pictured: Adrian Wyss, Head of Modernisation) receive great support in personnel matters from Human Resources.

HR Systems & Projects

The Systems & Projects sector is responsible for compliance with HR processes and for optimising these processes. The sector is also in charge of the "Iperform" HR management system and is responsible especially for technical aspects. Systems & Projects also helps with HR reporting. It processes and delivers raw data from the management system, coordinates salary reviews and works on the ongoing digitalisation of the whole HR department.

HR Case Management

The Case Management sector helps with new placements and reintegration. Case Management staff are on hand to advise the employees concerned. When people are being reintegrated into the company, there is often a variety of parties involved, and it can be difficult to maintain a clear overview. Case Management coordinates the various authorities and partners and helps the employee cope with the change process.

Safety is the top priority!

[Learning from Norway](#) Implenia Norway is a role-model for the whole Group in terms of Health & Safety because the subject has always been given such a high priority in Norway. Some examples: In Norway the safety officers at each construction site are not chosen by the company but by the site workers themselves. All safety officers wear a green helmet so workers on site can identify them more easily as the people to talk to about Health & Safety at work. Implenia is continuously testing Norway's Health & Safety ideas for their suitability throughout the rest of the Implenia Group.



Working safely at Implenia

Construction work is dangerous. Implenia made Health & Safety its top priority for 2014 – and with some success. Thanks to various campaigns and immediate measures, Implenia reduced the number of accidents by almost a quarter. Implenia's message is unequivocal: safety – in the office as much as on the construction sites – always comes before profit.

Implenia acknowledges its duty to provide all employees with a healthy and safe working environment, which is why it looks at the subject of Health & Safety at work holistically. The Group-wide Health & Safety organisation led by Bruno Waeber has defined six action areas that need to be addressed on a continuous basis: standardisation of control, audit and documentation obligations; streamlining of processes; development of a synchronised Group-wide training concept; formulation of a specific Health & Safety governance system; extension of Implenia's safety principles to customers, suppliers and subcontractors; and more intense communication. The foundations for all of this were laid in 2014.

To ensure the new safety strategy filters down to employees throughout the company, safety experts from the different Business Units meet once a month in the central Health & Safety Steering Committee to exchange ideas. The experts have all undertaken "EKAS safety specialist" training. In addition, human resources have been augmented with the addition of eight new full-time posts in the Business Units. Health & Safety has become a standing item on the agenda of every Group Executive Board meeting, reflecting the importance that Health & Safety is given within the Group.



Bringing Health & Safety closer to employees

Workshops are used to explain the basic rules of workplace Health & Safety at Implenia. Wearing the right protective clothing on site is one of the key points. Staff also need to learn how to set up and secure ladders.

Zero tolerance policy on construction sites

In spring 2014 eight principles for healthy and safe work were defined with Business Unit safety officers (SiBe BU) under the slogan “Wir werden handeln!” (“We will act!”). One of these is “I say stop promptly!”, which expresses the employee’s right to stop working as soon as any danger becomes apparent. Three more principles “Helmets always”, “Safety goggles always”, and “Never after alcohol or drugs” were implemented on construction sites with immediate effect. Helmets have been fitted with integrated goggles to improve eye protection.

Most accidents on building sites are preventable, and prevention is precisely the goal Implenia has set itself. Safety officers will therefore be spending at least 70% of their time on building sites in future. If an accident occurs anyway, quick action and an optimised emergency organisation should help limit the damage. On Implenia construction sites, accident response processes – from notification to immediate formation of an on-site task force – are set out to the last detail.

Communication that gets through

Health & Safety was one of the main subjects of Implenia's communications in 2014. Among other measures, everyone who works for Implenia was sent a leaflet containing the most important Health & Safety rules by post to their home.



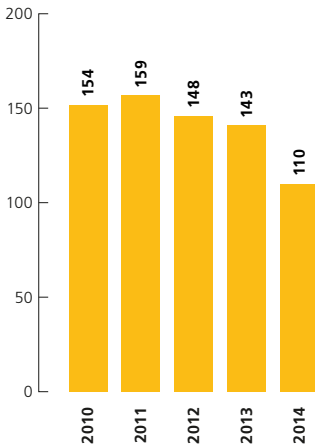
Communications campaigns for 2014 and beyond

In May a Health & Safety tour was conducted over several days during which 200 managers from various areas, including regional managers, project managers and site managers, were informed about the new safety strategy. During various workshops they were asked to contribute their own ideas about improving the organisation. The workshops delivered a lot of useful suggestions.

A Group-wide communications campaign was launched in the summer to inform Implenia's employees, suppliers and subcontractors about the new elements. Every Implenia employee was sent a personal letter with details of the new Health & Safety strategy; the editorial team at the "Impact" employee magazine worked intensively on the subject, CEO Anton Affentranger repeatedly called for action, and on construction sites and in offices, notices and posters called attention to the most important Health & Safety rules. In future, existing communications channels will be used to tell Implenia employees the accident numbers every quarter. Health & Safety at work remains a standing topic for internal communications.

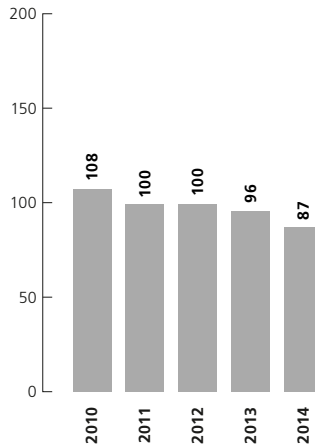
Occupational accidents

(incidents per 1000 FTE employees;
basis: all units in Switzerland)



Non-occupational accidents

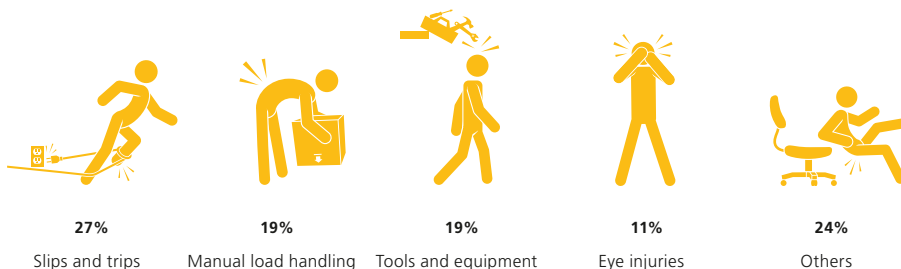
(incidents per 1000 FTE employees;
basis: all units in Switzerland)



Accident figures and ambitious goals for 2015

Thankfully, all the different campaigns and immediate action had a rapid impact. With helmet wearing now obligatory and with goggles built into the helmets, the number of eye injuries (11%) was significantly lower than in the prior year (2013: 16%). Slips and trips are still the most common causes of accidents (27%), so in 2015 Implenia is launching a “tidier makes safer” campaign. Over 2014 as a whole, the number of accidents per thousand full-time employees (FTEs) fell significantly, from 143 to 110 (–23%). Implenia continues to work on improving safety within the company. Its aim is to reduce the number of accidents per 1000 FTEs to 100 by 2015. The trend towards fewer non-work accidents was sustained in the year under review (–10%). Most accidents occurred when playing ball sports, on the roads and in the home and garden (slips and trips). The breakdown of absences due to accidents at work, non-work-related accidents and illness was more or less the same as in 2013. Roughly 61% of total absences were the result of illness, with another 26% attributable to accidents at work and 13% caused by non-work-related accidents.

Accidents by type 2014



When caring for and reintegrating employees who have suffered from accidents or fallen ill as a result of their work, Implenia collaborates with case management specialists who support the individuals concerned and coordinate all the assistance provided. In 2014, case managers handled approximately 600 cases. Around 140 employees are still undergoing diagnosis or treatment while the remaining 460 employees were, happily, able to return to their old jobs.

First Health & Safety Awards in February 2015

Implenia's message is unequivocal: any accident is one too many. To maintain motivation among managers and employees, Implenia will continue to train its staff intensively in Health & Safety issues. From now on, a jury consisting of the Head of Health & Safety and a number of safety officers will choose the construction site, profit centre and region that have taken the most innovative steps to increase occupational Health & Safety and that have recorded the best accident figures. Awards will then be handed out at the management event in February each year. The first Health & Safety Awards will be presented in 2015.

Second Sustainability Report

Online only Implenía published its second Sustainability Report at the same time as its 2014 Half-Year Report. To emphasise the theme of sustainability, the Sustainability Report was only made available online. It can be found at <http://sustainability.impenia.com>. The information it contains has been optimised for all devices, including laptops, tablets and smartphones, and enriched with various multimedia elements, such as animations, films and reportage.



On course, but not there yet

Since it launched its sustainability initiative in 2009, Implenia has moved a significant way towards its aim of being a thoroughly sustainable company. There remains much to do, so Implenia has formulated another set of ambitious goals. The Sustainability Report, which was published for the second time in summer 2014, provides details of what has been achieved and about the new objectives.

In recent years the construction industry has enjoyed a powerful upswing. It provides 7% of Switzerland's jobs and makes a substantial contribution to the country's prosperity and economic growth. It only generates around 5% of Switzerland's added value, but the construction sector has a disproportionately large effect on the environment and health: it accounts for around 30% of the nation's greenhouse gas emissions, 40% of its energy consumption and approximately half of its waste. Construction clearly has a great responsibility when it comes to sustainability. As the leading company in the Swiss construction industry, the challenge for Implenia is particularly acute.

Sustainability as a duty and an opportunity

Megatrends, such as mobility, the energy transition, urban sprawl and resource shortages, demand sustainable responses. This is why Implenia launched its "Sustainability Initiative" in 2009 with five priorities: Implenia wants to provide sustainable products and services, to offer employees an attractive working environment, to respect the natural environment, to work for society and to achieve consistent financial excellence.

Sustainability makes a difference

Implenia's commitment from 2009 to now

Anchored in the vision



Commitment strengthened



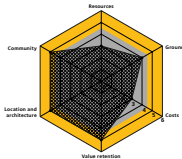
Training and development intensified



Sustainable Construction Network Switzerland



2009 2010 2011 2012



Internal standards introduced GeNaB®



First Eco-Drive training

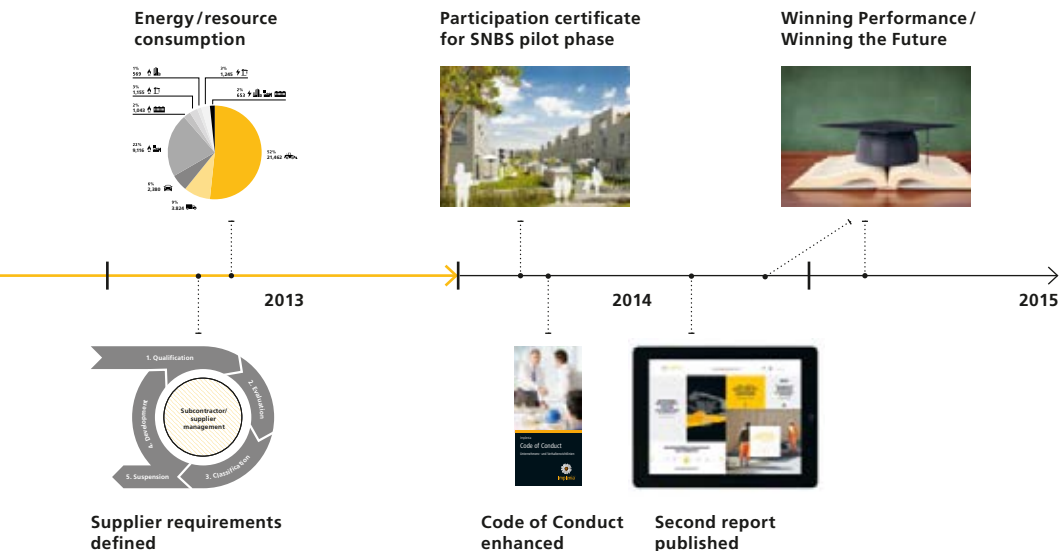


First report published

From vision to reality

What has Implenia achieved so far in terms of sustainability? In 2009 the first instruments and standards were developed for the manufacture of sustainable products and services. These were tested on properties for the first time in 2010/2011 with encouraging results (see "Sustainable products and services" from page 101). Environmental data has been recorded systematically since 2011. Since then Implenia has had a transparent view of the environmental impact of its production facilities, workshops, office premises, construction sites and vehicle fleet, meaning that it can take corrective action wherever this is possible and sensible (for more information, please see the "Respect for the environment" chapter, page 108). Numerous measures relating to work and compliance followed in 2014. Thanks to the introduction of new training programmes, Implenia will be able to fill more of its key management roles from its own ranks in future (see "Attractive working environment" on page 107). The existing Code of Conduct was expanded to reflect the introduction of joint liability for general contractors (see "Social commitment and compliance", page 110).

So far, Implenia has managed to minimise risks and preserve value. The next steps are to reduce costs through the use of clean technologies and greater environmental efficiency and to gain a competitive advantage by introducing sustainable processes and technologies. This will require the involvement of all stakeholders. The ultimate aim is to make sustainable working an integral part of the corporate culture.



Sustainable products and services

Implen wants to develop sustainable solutions for its customers and acquire sustainable construction projects on the market. The company's own web-based evaluation tool "Gesamtbewertung Nachhaltiges Bauen" (total evaluation of sustainable construction, GeNaB®), as well as the "Netzwerk Nachhaltiges Bauen Schweiz" (Swiss Sustainable Construction Network, NNBS), which Implen helped found, and the "Standard Nachhaltiges Bauen Schweiz" (Swiss Sustainable Construction Standard, SNBS), which Implen helped formulate as part of the government's steering group, are all important factors in the drive to win more sustainable projects. GeNaB® uses a traffic light system to evaluate fulfilment of specific sustainability criteria. Implen deploys GeNaB® systematically and only invests in projects that meet minimum sustainability requirements. GeNaB® is used on large GC/TC projects to show clients the available sustainability potential.



The Sustainable Construction Switzerland standard

Andreas Pfeiffer (second from right), Head of Sustainability, accepts the SNBS participation certificate for the "schorenstadt" project.

The SNBS is based on the Swiss government's sustainability goals and centres on specific national challenges such as densification. The plan is to develop the standard into a recognised label for sustainable construction. Other initiatives, such as the 2000-Watt Society and Minergie ECO, have been integrated into the standard. The SNBS was tested in a number of pilot projects in 2013. Implenias "schorenstadt" project was one of these, which allowed the company to gain valuable practical experience.

Initial success for SNBS with "schorenstadt" in Basel

The "schorenstadt" housing development in Basel, which was ready for residents in December 2014, has shown that the SNBS can be applied in practice at a reasonable cost. Developed by Implenias, "schorenstadt" comprises 43 town houses and 22 condominiums. It won the 2012 Real Estate Award for the best project development. "schorenstadt" fulfils the requirements of the SIA "energy efficiency path" and the Minergie-P-Eco standard. It is the first "2000-Watt Society" residential construction project in Basel. In order to keep the need for grey energy as low as possible, "schorenstadt" was built mainly of wood. The photovoltaic cells installed on the roofs are owned by the residents, and proceeds from selling the electricity they generate are put into a fund that distributes public transport vouchers to residents. All residents are obliged to use certified green electricity. Implenias is currently building three more projects that meet 2000-Watt Society standards: "sue & til" and "Werk 1" in Winterthur and "Unterfeld" in Baar.



Life comes to “schorenstadt”

The 2000-Watt Society brings new ways of doing things for everyone involved, including the people who recently started bringing life to “schorenstadt”. A notable and long-awaited event happened during the year under review when the first residents moved in at the end of November /start of December 2014. The job now is to turn theory into practice. The Brönnimann-Rast family was one of the first families to move into their new, sustainable home. Implenia wishes all new residents a good start and some wonderful years to come in “schorenstadt”!

Define and implement criteria for suppliers

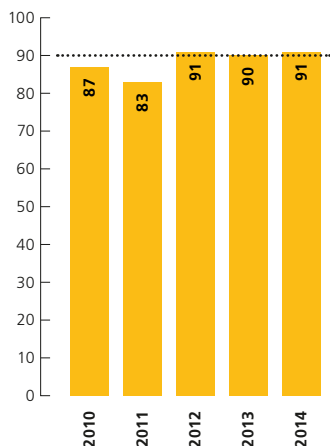
Two-thirds of the added value in construction is generated by suppliers and subcontractors, so Implenia needs to work closely with its suppliers to reach its sustainability goals. In 2014 Implenia introduced a supply chain management system to evaluate and support suppliers. This requires Implenia's suppliers to assess their sustainability according to defined criteria; these include accident rate, implementation of energy efficiency measures, and compliance with legal requirements. Once self-declarations have been requested from all key suppliers, the next step is pre-qualification. Implenia has increased the size of its supplier management staff to ensure this is done properly. It has also developed a code of conduct for suppliers. The aim is to ensure that all companies in the value chain make a contribution to greater sustainability by deploying innovative and sustainable solutions and by using materials that minimise resource consumption.

Cooperation between Business Units reduces greenhouse gas emissions

The new Group structure implemented in 2013 has brought Implenia closer to customers, but has also helped cut greenhouse gas emissions. Implenia took this integration even further during the year under review. In the "Neuhegi" project in Winterthur, for example, the individual phases, from initial project development to preparation of the concrete through to road building, were integrated on site to create a closed materials cycle. As a result, 2,300 tonnes of CO₂ were saved over the whole construction period.

Customer satisfaction with Implenia

(in %)



Implenia's aim is to achieve at least 90% positive responses for customer satisfaction. It achieved this goal again in 2014.

Actual (average)
 Target value (minimum)

NB: Data up to and including 2012 refers to the former Implenia Real Estate, and from 2013 to Implenia Buildings.

Focus on customer satisfaction

Implenia works on around 4000 projects a year. It offers a wide range of services, and its clientele is equally diverse: a major public customer wants to build a motorway bridge, a pension fund is interested in developing a project, a private company needs a partner to build a new office building, and a private individual wants to resurface his driveway. So how satisfied are these customers with Implenia's performance? To find out, we record customer satisfaction after each project is completed. The recording method was refined in collaboration with the St. Gallen University of Applied Sciences, and then introduced consistently across the Group at the start of 2014. This means that for the first time we can say something about customer satisfaction with the entire Implenia Group. Overall satisfaction is assessed using a 10-point scale based on whether the customer would recommend Implenia. If customers give a score of 8 or more, they are seen as "satisfied".

A total of 322 customer feedback forms were received in 2014. Across all Business Units, 91% of customers are satisfied. The average "recommend to others" score is 8.9 out of 10 points. Implenia has therefore once again reached the target of satisfying at least 90% of customers.

Implenia customer satisfaction

Customer satisfaction with Implenia in 2014 ranged between 83% and 88%. Looking at the individual criteria, the best mark (88%) was awarded for the commitment and expertise of employees, followed by quality and meeting deadlines (87% each). Customer satisfaction was still high, though slightly less high by comparison, for adherence to budget, sustainability and innovation, and remedying problems (83% each).

	2014 ¹
Survey about criteria	Customer satisfaction in %
Quality achieved	87%
Adherence to budget	83%
Adherence to schedule	87%
Sustainability and innovative solutions proposed	83%
Addressing customer's concerns/communications	86%
Project management	85%
Commitment and expertise of employees	88%
Remedying problems	83%
Survey about recommendations	
Percentage of customers who would recommend Implenia	91% ²

1 Number of feedback forms: 322

2 To find out how likely customers would be to recommend Implenia, participants were asked to give a score between 1 and 10 where 1 = absolutely unlikely and 10 = very likely. When giving 8 or more points, they are seen as satisfied.

In previous years Implenia has tended to achieve lower satisfaction scores with private customers (homebuyers) than with professional customers. In order to find out more about what customers think about various detailed aspects, Implenia asked an external firm to carry out a survey of homebuyers. A total of 160 customers took part, which represents a 50% response rate. While buyers are happy with many aspects, the survey gave some clear indications of potential for improvements. Respondents said for example that additional costs and supplementary quotes were not always clear, and that instructions for technical equipment were sometimes unsatisfactory. They also criticised the fact that on moving day there were often still problems to sort out. Implenia will work on improving in these and other areas in 2015, and will be introducing more customer-friendly processes.



Attractive working environment

Implenia wants to be an attractive employer that offers modern training and development opportunities. Its aim is to appoint more managers from its own ranks. As well as a series of courses for employees covering technology, accounting, IT, marketing, sales, law and languages, Implenia provides management training for senior and middle managers, and from 2015 is offering a graduate training programme.

Today's employees are tomorrow's managers

The first stage of the "Winning the Future" management course for senior managers was completed by around twenty participants from all over Europe in 2014. Implenia will continue to invest in internal training. Programmes like the Implenia Academy ("Icademy") are being expanded, new training and development courses are being devised to support the specialist career model for construction specialists, and the quality of training for apprentices is being improved. The second middle management stage of "Winning the Future" began in 2014. At the same time "Winning Performance" was initiated as a parallel programme for young management talent. See the "Employees" chapter starting on page 82 for further information.

New centralised Health & Safety department

Construction is a manpower-intensive and therefore risky industry. Because Implenia failed in 2013 to achieve a significant reduction in occupational accidents, the Group Executive Board declared that Health & Safety at work would be the highest priority for 2014. The Health & Safety staff was strengthened and a communications campaign was launched to embed the theme more broadly in the company. A new centralised Health & Safety department has now been established. This includes the Security Officers (SiBe) who implement the strategy, take responsibility for training and monitoring in the regions and provide the safety staff who in future will spend up to 70% of their time on construction sites. A total of eight new full-time posts have been created. Thanks to the immediate action taken to promote safety and the intensified communications via the staff magazine and other channels, the whole Group was given a wake-up call. The central importance of Health & Safety was promoted and employees were encouraged to take more responsibility for their own safety. It was pleasing to see the positive result this had on the figures: the number of occupational accidents per 1000 staff fell by almost a quarter (–23%) from 143 in 2013 to 110 in 2014. In particular, compulsory wearing of safety helmets and protective goggles led to a significant reduction in minor accidents. Implenia is confident that this trend will continue. The aim for 2015 is to cut the number of occupational accidents by another 10% to 100 (see also the "Health & Safety" chapter starting on page 92).



Respect for the environment

Implenia has set itself ambitious environmental targets. By 2017 emissions per franc of turnover should be cut by 10% compared with 2013 levels. To do this the company is having to optimise its production facilities, implement efficiency standards when purchasing machinery and vehicles, and promote the use of recycled materials and closed materials cycles as demonstrated at the “Neuhegi” project in Winterthur. In the 2014 financial year Implenia took an important step towards being a renewable energy user. In the future it will get all of its energy from hydroelectric power – either by buying this directly on the market or by compensating for the non-renewable energy in its electricity mix through the purchase of hydroelectric certificates.

Basis for optimisation created through systematic monitoring

For key environmental data, Implenia has developed a recording system tailored to its activities, and is now in a position to record its energy use, its resource flows and its CO₂ emissions systematically. A key source of data is the ERP system, which records financial figures as well as energy and resource flows. Data analysis shows that the main producer of greenhouse gases is fuel, and especially the diesel used by the firm’s equipment. Eco-Drive courses and new vehicles helped reduce vehicle-related greenhouse gas emissions by 23%. Energy and resources were preserved by installing insulation in surfacing plants, using green energy for production plants and properties, and by systematically recycling excavated materials on construction sites. Another key insight revealed by analysis is that most emissions are generated in processes that take place either before or after construction, and so can only be influenced by Implenia indirectly.

Sensitising employees

Employees have an enormous influence on a company’s energy and resource consumption, so Implenia carries out regular awareness-raising campaigns. These are designed to heighten people’s ability to spot savings opportunities and motivate all personnel to reduce energy and water use. In 2014 training focused on sensitising site managers to the issue of on-site heating.

Energy and resource efficiency in production facilities

Implenia's surfacing plants were the focus of energy and resource efficiency measures in 2014. A total of 1.6 million tonnes of asphalt are produced every year by the 20 surfacing plants in which Implenia has an ownership stake. 250,000 tonnes of asphalt, or 16% of total production, is made from recycled material. The SAPA surfacing plant implemented an energy efficiency programme that focused on improved insulation of pipes, vents, containers and the oil circuit. This has saved 83 megawatt hours of energy, or around 9% of annual consumption.



Financial excellence

Sustainability is not just based on environmental and social factors. Creating financial value is just as important. It has to be possible to earn an appropriate return on capital and for corporate value to be increased. If the company is managed from a long-term, sustainable perspective, the interests of shareholders, investors and management are aligned.

Building a risk management organisation

In 2014 Implenia continued to introduce the concept of “economic profit”, which measures the company's long-term value creation. Economic profit is now integrated into the budgeting process. In addition, a professional risk management system and the organisational structures that go with it were developed in the Business Unit Buildings. The risk management process covers all stages of a project, from acquisition to project calculation and work preparation, to execution and guarantees. Opportunities and risks are identified and assessed for three scenarios (best, realistic, worst). Risk management should be developed further and established throughout the Group during the current financial year. In parallel with this, business management training for managers is being intensified with a focus on Implenia's financial excellence goals.



Social commitment and compliance

Implenia defines compliance as correct behaviour with regard to reliability, sustainability and transparency. Building in Switzerland also means fulfilling responsibilities to the state and society. Implenia does this in many different ways.

Consolidating the Code of Conduct as part of corporate culture

Since 2009 Implenia's Code of Conduct has been the company's central guide to internal and external conduct. All employees have to sign a commitment to obey the rules it contains. The Code was augmented in 2014 by the introduction of joint liability for general contractors. Among other things, Implenia now requires all subcontractors to make a watertight commitment to comply with all labour laws; in addition, work can only be passed on to sub-subcontractors if Implenia expressly approves this.

Include all stakeholders in the dialogue

Implenia maintains a regular dialogue with all its stakeholders, especially on matters relating to sustainability. The "Swiss Sustainable Construction Network" (NNBS), in which Implenia is actively involved as a founding member, provides an ideal platform for discussions within the construction industry. Implenia maintains regular contact with its stakeholders through its staff magazine "Impact", supplier events and discussion evenings. At its regular meetings with investors, financial analysts and journalists, financial sustainability is always a key topic.

Creating transparency about sustainability activities

Committing to sustainability is one thing. The other is to prove you are actually acting sustainably. Implenia is transparent about its performance in this area as in others. The Sustainability Report, which was published for the second time in summer 2014, is the cornerstone of our sustainability reporting. In it Implenia defined measurable, realisable goals for the current reporting period.

Working with sheltered workshops

Implenia is committed to sustainable development in non-business related activities as well. As parts of its social engagement, Implenia built up a relationship with seven sheltered workshops for disabled people in Switzerland in 2013 and 2014. Implenia buys goods made in these workshops and commissions work from them. Visits to each other's workplaces are arranged to encourage personal interaction.

Implenia's new series of events promoting a sustainable dialogue with leading political, business and social figures

Discussion events on the theme of "Our Dream for a Just Switzerland"

Around 60 external guests in total

Lucerne
9

Sierre
7

Basel
8

Bern
7

Winterthur
7

Zurich
12

St. Gallen
8

Implenia engages with social and political issues

Since November 2013, Implenia has run a series of eight to ten discussion evenings per year in various towns across all the Swiss regions. These events bring together around a dozen opinion leaders from the worlds of politics, business and the local community to talk with Implenia representatives about relevant political and social issues. The series kicked off with the theme of "justice" and the question of whether we are seeing society, politics and business drifting apart from each other. The aim of this annual series, which is part of Implenia's sustainability work, is to contribute to social and political discourse while cultivating relationships with key stakeholders. Implenia has already engaged with about 60 figures from politics, business and wider society in this way. The latest cycle of the series follows on from last year's discussion of "Our Dream for a Just Switzerland: what can we do to stop society, politics and business drifting apart from each other?". The theme for Implenia's debates in 8 Swiss towns in 2015 is "Thinking about Tomorrow's Switzerland: what kind of country do we want in future, and how do we achieve this?"



"If you want to know what's right, you first have to doubt in the right way"

Aristotle

Information for investors

Key data

Abbreviation	IMPN
Security number	2 386 855
ISIN	CH002 386 8554

Share capital

	31.12.2014	31.12.2013	31.12.2012	31.12.2011	31.12.2010
Share capital (in CHF 1,000)	18,841	35,097	35,097	35,097	51,722
Number of registered shares issued	18,472,000	18,472,000	18,472,000	18,472,000	18,472,000
Of which treasury shares	155,301	102,316	100,046	179,006	211,017
Number of outstanding registered shares	18,316,699	18,369,684	18,371,954	18,292,994	18,260,983
Par value of each registered share (in CHF)	1.02	1.90	1.90	1.90	2.80
Conditional capital (in CHF 1,000)	9,421	17,548	17,548	17,548	25,861

Key figures

	31.12.2014	31.12.2013	31.12.2012 ¹	31.12.2011	31.12.2010
Earnings per share (in CHF)	3.77	4.11	3.82	3.31	2.88
Price-earnings ratio	15.3	15.8	10.4	7.2	11.1
Equity per share (in CHF)	33.6	32.8	28.8	29.1	26.8
Gross dividend ² (in CHF)	1.80	1.60	1.40	1.10	0.90
Dividend yield	3.1%	2.5%	3.5%	4.7%	2.8%
Dividend yield adjusted for tax effect ³	4.7%	3.7%	5.2%	6.9%	4.2%
Distribution ratio ⁴	47.6%	39.1%	36.8%	33.4%	31.9%

1 Restated

2 2010 reduction in par value

2011–2012 payment from capital contribution reserves

2013 CHF 0.72 payment from capital contribution reserves and CHF 0.88 from reduction in par value

2014 CHF 1.80 dividend

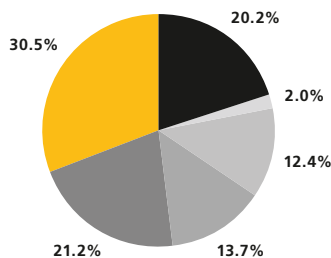
(subject to the Annual General Meeting of Shareholders' approval of profit distribution)

3 Calculated with a tax rate of 33%

4 Based on number of outstanding shares at 31.12.

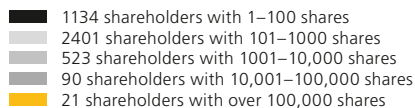
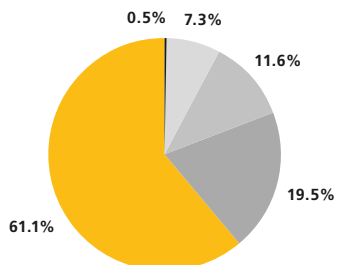
Share capital by type of shareholder

(Shares with and without voting rights)



Shareholders by size of shareholding

(Shares with and without voting rights/excl. unregistered "dispo" shares)



Distribution policy

Over time Implenla now aims for a distribution rate of 50% (previously around a third).

Shareholder structure

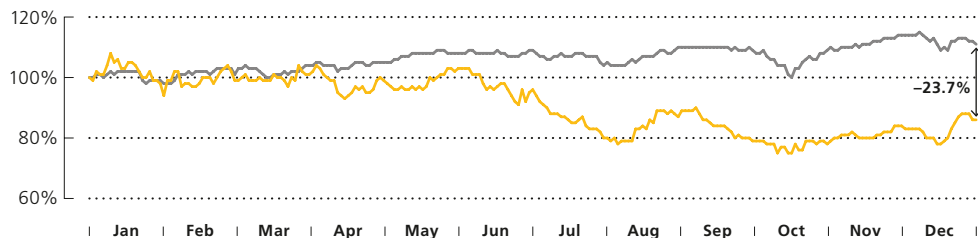
Shareholders owning more than 3% of share capital (as at 31 December 2014)

Name	Number of shares	Percentage of share capital
Parmino Holding AG/Max Rössler	2,980,209	16.10%
Chase Nominees Ltd.	1,184,691	6.41%
Rudolf Maag	1,000,000	5.41%
Vontobel Fund Services Ltd.	633,444	3.43%

Share performance

Share performance 2014

(compared with SPI)

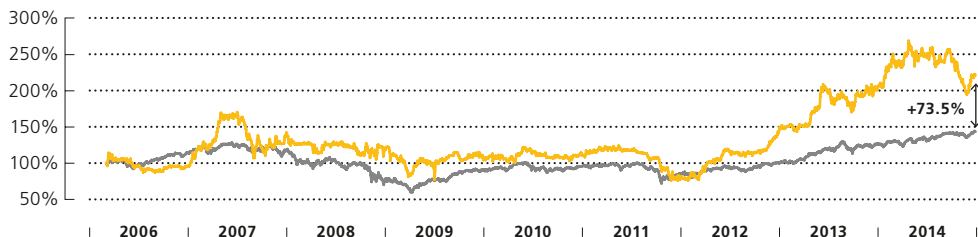


Source: Bloomberg

Implenia N SPI

Price history from 6 March 2006 (first trading day) to 31 December 2014

(compared with SPI)



Source: Bloomberg

Implenia N SPI

Share performance

	2014	2013	2012	2011	2010
Year-high (in CHF per share)	70.50	65.90	40.35	32.50	32.00
Year-low (in CHF per share)	49.10	39.55	23.25	20.00	26.50
Price at 31.12. (in CHF per share)	57.75	65.05	39.90	23.65	31.95
Annual performance in %	(11.2%)	63.0%	68.7%	(26.0%)	10.2%
Average number of shares traded per day	42,419	43,207	32,024	16,990	12,942
Stock market capitalisation at 31.12. (in CHF 1,000)	1,066,758	1,201,604	737,033	436,863	590,180

Source: Bloomberg

Bonds

Bond price from 12 May 2010 to 31 December 2014



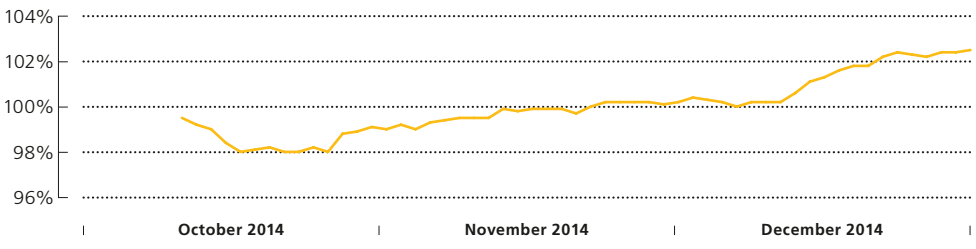
Source: Bloomberg

Bonds

In May 2010, Implenia issued a bond for the first time (ISIN: CH011 219 3518). Worth CHF 200 million, it has a 3.125% coupon and a six-year term (matures on 12 May 2016). In September 2014, Implenia profited from a good market environment and issued a second bond (ISIN: CH025 359 2767). This issue was for CHF 125 million, with a 1.625% coupon and a ten-year term (matures on 15 October 2024).

Both UBS and ZKB reconfirmed their “BBB/stable” ratings during the year.

Bond price from 13 October 2014 to 31 December 2014



Source: Bloomberg

Overview of key figures

Five-year Implenla Group overview

	2014	2013	2012 ¹	2011	2010
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Order book (as at 31.12.)	3,001,753	3,190,380	3,101,010	3,153,915	3,070,314
Income statement					
Production output	3,087,216	3,288,021	2,998,694	2,776,666	2,716,205
Consolidated revenue	2,919,760	3,057,414	2,800,443	2,522,646	2,388,418
EBIT Business Units	103,407	113,952	108,829	93,529	76,997
Miscellaneous/Holding	5,057	1,663	1,458	147	661
Operating income	108,464	115,615	110,287	93,676	77,658
Depreciation and amortisation	42,788	42,786	43,444	46,813	34,894
EBITDA	151,252	158,401	153,731	140,489	112,552
Consolidated profit	73,006	82,634	76,870	61,351	52,458
Cash flow statement					
Cash flow from operating activities	116,901	123,277	178,146	102,449	138,516
Cash flow from investment activities	(49,733)	(44,352)	(44,533)	(35,138)	(98,596)
Cash flow from financing activities	85,778	(29,757)	(19,168)	(14,270)	181,872
Free cash flow	67,168	78,925	133,613	67,311	39,920
Investment activities					
Investments in real estate transactions	54,974	51,665	89,384	76,459	50,848
Real estate disposals	(42,598)	(85,003)	(83,899)	(29,946)	(108,681)
Investments in fixed assets	49,151	54,064	40,353	38,720	39,496

1 Restated

	31.12.2014	31.12.2013	31.12.2012 ¹	31.12.2011	31.12.2010
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Balance sheet					
Cash and cash equivalents	731,534	582,581	537,358	402,532	349,274
Real estate transactions	229,777	217,473	251,690	247,047	217,983
Other current assets	982,649	982,297	869,809	820,059	734,230
Non-current assets	413,699	414,023	415,272	418,065	375,516
Total assets	2,357,659	2,196,374	2,074,129	1,887,703	1,677,003
Financial liabilities	330,057	211,512	215,964	209,073	199,760
Other liabilities	1,397,813	1,356,174	1,308,567	1,135,102	981,759
Equity	629,789	628,688	549,598	543,528	495,484
Total equity and liabilities	2,357,659	2,196,374	2,074,129	1,887,703	1,677,003
Net cash position	401,477	371,069	321,394	193,459	149,514
Capital structure					
Equity ratio in %	26.7	28.6	26.5	28.8	29.5
Long-term liabilities in %	17.3	13.3	16.1	15.7	16.5
Short-term liabilities in %	56.0	58.1	57.4	55.5	54.0
Headcount (FTE)²	5,777	5,781	5,886	5,648	5,424
	2014	2013	2012 ¹	2011	2010
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Key figures					
EBITDA margin in % ³	5.2	5.2	5.5	5.6	4.7
Operating income margin in % ³	3.7	3.8	3.9	3.7	3.3
Return on Invested Capital (ROIC) in %	48.3	46.0	41.3	27.3	22.4

1 Restated

2 Headcount incl. international, excl. temporary staff

3 Basis: consolidated revenue IFRS

Communications, contacts, key dates

Communications

Implenia follows an open, transparent and purposeful information policy in the interests of its shareholders, investors and the general public. In its periodic and ad hoc reporting, Implenia is committed to equal treatment of all stakeholder groups with regard to timing and content.

Comprehensive information is available to all investors, journalists and interested members of the public at www.implenia.com under the “Investors” link. All the latest investor presentations are available here too. By clicking through to the “Media/News Service” link on the site, interested parties can subscribe to our ad hoc communications or order physical copies of our Annual Report, Half-Year Report and Sustainability Report.

During the 2014 financial year, the CEO, CFO and Head of Investor Relations presented the company to institutional investors at roadshows and conferences mainly in Switzerland, the UK, France, Germany and Italy. Direct communications with investors were also stepped up significantly in the North American and Scandinavian markets. In 2014 Implenia once again held two media and analysts’ conferences on the financial results.

Contacts

For ongoing communication with shareholders, investors, journalists and analysts:

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Key dates

2015 Annual General Meeting	24.3.2015
Ex-date (dividend distribution)	26.3.2015 ¹
Record date (dividend distribution)	27.3.2015 ¹
Payment date (dividend distribution)	1.4.2015 ¹
Media and analysts' conference on the 2015 first-half results	20.8.2015
Media and analysts' conference on the 2015 full-year results	23.2.2016
2016 Annual General Meeting	22.3.2016

¹ Dates subject to approval of dividend distribution by AGM.

Group structure and shareholders 122 — Capital structure 127 — Board of Directors 131 — Group Executive Board 146 — Compensation, shareholdings and loans 152 — Shareholders' participation rights 155 — Take-over and defence measures 158 — Auditor 159 — Information policy 160



Corporate governance

As required by the SIX Swiss Exchange Directive on Information Relating to Corporate Governance of 1 September 2014 (Directive Corporate Governance, DCG), this chapter describes those main principles of Implenla Group's organisation and structure that directly or indirectly affect the interests of shareholders and other stakeholders. Unless stated otherwise, information is correct as of the balance sheet date (31 December 2014).

The structure and numbering of this chapter accord with the appendix to the SIX Swiss Exchange's Directive Corporate Governance (DCG) of 1 September 2014. Information on compensation, profit-sharing and loans is summarised in the Remuneration Report, which starts on page 163.

Implenla's principles and rules regarding corporate governance are set out in its Articles of Association and organisational regulations. Rules on acceptable business practices and standards of behaviour for all Implenla employees are set out in the Code of Conduct. All of these documents can be found on the Implenla website.

🔗 <http://www.implenla.com/en/>

The Articles of Association valid on the balance sheet date ("Articles of Association") can be found under the link below.

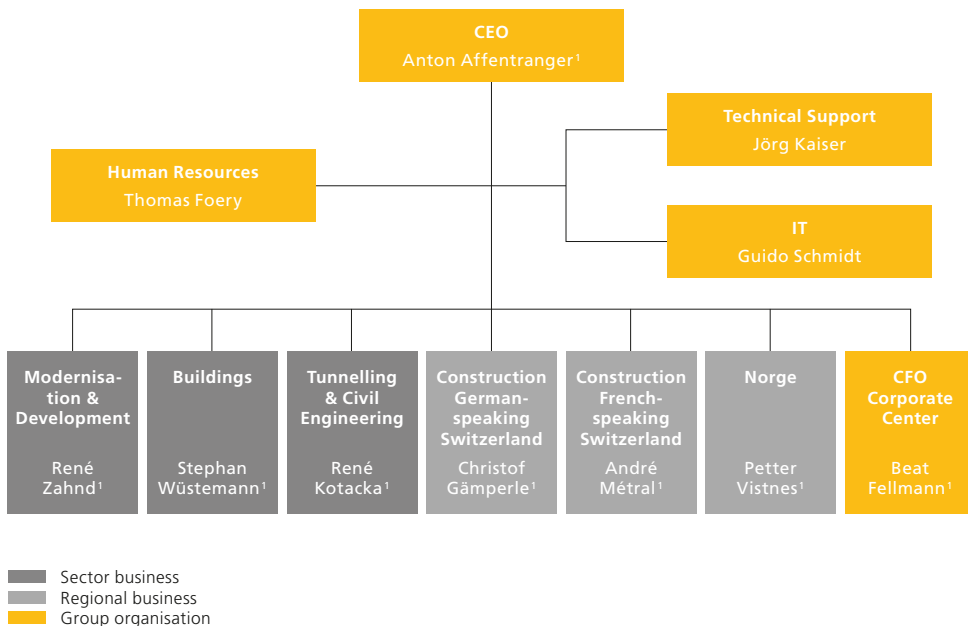
<http://www.implenla.com/en/implenla/articles-of-association.html>

1. Group structure and shareholders

1.1 Group structure

Implenla Ltd. is a holding company, which directly or indirectly controls all the companies within the Implenla Group.

Implenia Group



¹ Member of the Group Executive Board (GEBO)

1.1.1 Operational Group structure

At the beginning of the 2013 financial year, Implenia Group introduced a new organisational structure focused rigorously on markets and customers and their needs. Since then Implenia's Business Units have been either Sector businesses or Regional businesses. They are assisted by Technical Support, IT, Human Resources and the other centralised group functions provided by the Corporate Center. Management structures and responsibilities are clearly defined. The aim is to promote cooperation across all Business Units in the spirit of a "One Company" approach. The organisational structure is broad-based and flat so it can support efficient processes.

Sector business

The sectors handle complex jobs for Swiss customers as well as international institutional and supra-regional customers. Where necessary, they support the regions by providing expertise in risk analysis, calculation and project management. In highly complex regional business, the Sectors also assume overall responsibility.

Regional business

The Regions are the face Implenia presents in its regional markets and to local customers. They carry out projects in road construction and civil engineering, in regional building and – in Norway only – infrastructure construction. When collaborating with the Sectors and where a strong local presence is important, the regions take the lead on projects.

Central Group functions

The Corporate Center provides central services to support the operational Business Units. These services include Corporate Controlling, Business Development, Investor Relations, Legal, Financial Risk Management, Investment Management, Treasury, Marketing/Communications and Procurement. The Human Resources, IT and Technical Support departments, which also supply central services, report directly to the CEO. Technical Support is the Group's "technical conscience." It optimises processes, develops innovations and drives forward sustainability. The Group-wide Health & Safety and Insurance departments are also integrated into this area.

Group Executive Board

The Group Executive Board (GEBO) functions as the Executive Committee and consists of the CEO, the CFO/Head of Corporate Center and the Business Unit Heads.

1.1.2 Listed companies within the Group

Implenia Ltd., registered office in Dietlikon (ZH), is a Swiss company that has been listed on the SIX Swiss Exchange (security no. 2.386.855, ISIN code CH0023868554, abbreviation IMPN) since 6 March 2006. Its stock market capitalisation at the end of 2014 was CHF 1,066,758,000. Its consolidated holdings do not include any listed companies.

1.1.3 Unlisted companies within the Group

Since the reorganisation at the start of 2013 all operational units in Switzerland have been part of Implenla Switzerland Ltd. Implenla Switzerland Ltd. is wholly owned by Implenla Ltd. The unlisted companies within the Group, including their official names, registered offices, share capital and the stake held by the Group, are shown on pages 266–267 in the Notes to the Financial Report.

1.2 Significant shareholders

According to the Swiss Stock Exchange Act, shareholders whose stake in a company listed in Switzerland reaches, exceeds or falls below a specific threshold are subject to notification and disclosure obligations.

According to the information available to the company, the shareholders listed below held more than 3 percent of Implenla's share capital on 31 December 2014.

Significant shareholders

Shareholder	Percentage of share capital
Parmino Holding AG/Max Rössler	16.1%
Chase Nominees Ltd.	6.4%
Rudolf Maag	5.4%
Vontobel Fund Services Ltd.	3.4%

For the year between 1 January and 31 December 2014, all disclosure notifications received by Implenla Ltd. concerning shareholdings within the meaning of Articles 20 and 21 of the Federal Act on Stock Exchanges and Securities Trading of 24 March 1995 (Stock Exchange Act, SESTA) are shown by the Disclosure Office of the SIX Swiss Exchange AG under the following link:

🔗 http://www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html

Implenla Ltd. has received no disclosure notifications concerning shareholdings since 1 January 2015.

1.3 Cross-shareholdings

There are no cross-shareholdings.

2. Capital structure

2.1 Capital

As of 31 December 2014, the share capital amounts to CHF 18,841,440 divided into 18,472,000 registered shares with a par value of CHF 1.02 each. The shares are fully paid up. Conditional capital amounts to CHF 9,420,720. There is no authorised capital.

2.2 Conditional and authorised capital in particular

Capital may be increased conditionally by a maximum of CHF 9,420,720 by issuing a maximum of 9,236,000 registered shares with a par value of CHF 1.02 each to be fully paid-up (Art. 3a of the Articles of Association). The capital increase takes place following the exercise of conversion and/or option rights issued in connection with bonds or other financial market instruments of the company and/or of the Group companies. Existing shareholders' preferential subscription rights are excluded. The current owners of conversion rights and/or warrants shall be entitled to subscribe for the new registered shares. Conversion and warrant conditions are set by the Board of Directors (Art. 3a Para. 2 of the Articles of Association).

In connection with the issuance of bonds or other financial market instruments with conversion rights and/or warrants attached to them the Board of Directors shall be authorised to restrict or cancel the advance subscription rights of the shareholders if the issuance is for the purpose of financing, including refinancing, the acquisition of an enterprise, parts of an enterprise, participations or investments and/or the issuance occurs on the national or international capital markets (Art. 3a Para. 2 of the Articles of Association). If the Board of Directors resolves that the preferential subscription right will not be granted directly or indirectly

- i. the bonds or other money market instruments must be issued at market conditions
- ii. the new registered shares must be issued at market conditions, taking due consideration of the stock market price of the registered shares and/or comparable instruments priced by the market, and
- iii. it should be possible to exercise the conversion and option rights for up to ten years from the relevant issue date (Art. 3a Para. 2 of the Articles of Association).

The acquisition of shares through the exercise of conversion and/or option rights and any subsequent transfer of the registered shares are subject to the registration restrictions pursuant to Art. 7 Para. 4 of the Articles of Association (see also under 2.6 below).

There were no capital increases from conditional capital during the year under review. Neither was there any authorised share capital as of 31 December 2014.

2.3 Changes in capital over the last three financial years

On 25 March 2014 the Annual General Meeting decided to decrease the share capital by reducing the nominal value from CHF 1.90 to CHF 1.02 per registered share. The reduction amount of CHF 0.88 per registered share was used to repay shareholders. As part of this capital decrease, the AGM also decided to adjust the nominal value of the maximum amount of contingent capital.

2.3 Changes in capital over the last three years

	31.12.2014	31.12.2013	31.12.2012
	1000 CHF	1000 CHF	1000 CHF
Share capital	18,841	35,097	35,097
Statutory reserves			
– General reserves	16,185	16,185	16,185
– Reserves for treasury shares	8,405	5,149	3,097
– Reserves from capital contributions	132	13,356	39,102
Retained earnings			
– Profit carried forward	227,035	182,978	158,571
– Profit for the year	75,304	47,313	26,459
Total equity	345,902	300,078	278,511

2.4 Shares and participation certificates

As of 31 December 2014, the share capital is divided into 18,472,000 fully paid-up registered shares with a par value of CHF 1.02 each. Each share entitles the holder to one vote at the General Meeting of Shareholders and to dividends. There are no voting right shares or other shares with similar advantages. Neither are there any participation certificates.

2.5 Dividend-right certificates

There are no dividend-right certificates.

2.6 Limitations on transferability and nominee registrations

2.6.1 Percentage clause

There is no statutory percentage clause which would allow any limitation of transferability of Implenla Ltd.'s shares pursuant to Art. 685d Para. 1 Swiss Code of Obligations. Pursuant to Art. 7 Para. 4b of Implenla Ltd.'s Articles of Association, the Board of Directors can refuse to register an owner of registered shares as a shareholder with voting rights if the recognition of this owner as a shareholder would or could prevent the company from providing the legally required evidence about the composition of its shareholder body or of the beneficial owners. Because Implenla Group is active in project development and real estate business, the corporation is specifically entitled to refuse to register persons abroad (pursuant to the Federal Law on the Acquisition of Real Estate by Persons Abroad, BewG), if this could raise any doubt about the Swiss control of the company and/or its subsidiaries.

The details of how this article is implemented are set out in the Regulation on Registration of Registered Shares and Keeping of the Share Register of Implenla Ltd. of 4 February 2013 ("Registration Regulations"). The Registration Regulations can be found on the Implenla website.

🔗 <http://www.implenla.com/en/investor-relations/shares/regulations.html>

Para. 5 of the Registration Regulations states that the Board of Directors shall enter a foreign shareholder in the Share Register as a shareholder with voting rights, provided:

- (i) the foreign shareholder meets the conditions that apply to all shareholders (points 2 to 4 of the Registration Regulations)
- (ii) total foreign-owned shares entered with voting rights in the Share Register (including the shares of the foreign shareholder concerned) do not account for more than 20% of all shares entered with voting rights in the Share Register, and
- (iii) the number of shares entered with voting rights in the Share Register that are held by the foreign shareholder concerned does not exceed 10% of all shares entered with voting rights in the Share Register.

Above these limits, foreign shareholders will only be registered if a decision by the competent authorities is presented at Implenla's headquarters to the effect that Implenla Ltd. and its subsidiaries shall not be considered as foreign-controlled even after the new foreign shareholder is entered in the Share Register. Any shareholder falling within the definition of a person living abroad as per Art. 5 of the Federal Law on the Acquisition of Real Estate by Persons Abroad (BewG) in conjunction with Art. 6 BewG shall be considered as a foreign shareholder. Nominees that have not disclosed the shareholders they represent shall also be regarded as foreign shareholders as defined in this clause.

2.6.2 Granting exceptions

No requests for exceptions were received during the year under review. No exceptions were granted.

2.6.3 Admissibility of nominee registrations

According to point 4 of the Registration Regulations, nominees are persons who do not explicitly declare in their application for registration that they hold the shares for their own account. According to Art. 7 Para. 4a of the Articles of Association, nominees will be entered in the Share Register if they declare in writing that they are prepared to disclose the names, addresses and shareholdings of any persons for whose account they are holding the shares or provided they immediately disclose this information in writing on first request.

The precise wording can be read in the Articles of Association.

🔗 <http://www.implenia.com/en/implenia/articles-of-association.html>

Pursuant to point 4 of the Registration Regulations, the Board of Directors will enter nominees in the Share Register as shareholders with voting rights up to an acknowledged percentage of 1% of the total share capital entered in the commercial register, as long as the nominees declare in writing that they are prepared to disclose the names, addresses and shareholdings of any person for whose account they are holding the shares or provided they immediately disclose this information in writing on first request. The nominee must have concluded agreements with the Board of Directors regarding its position. Registered shares held by a nominee will only be entered in the Share Register with voting rights above this 1 percent limit if the nominee concerned discloses the names, addresses, place of residence or domicile and shareholdings of any person for whose account they are holding 0.25% or more of the share capital entered in the Commercial Register.

Further information can be found in the Registration Regulations.

🔗 <http://www.implenia.com/en/investor-relations/shares/regulations.html>

Registration as a nominee requires the nominee to make a legally valid application in accordance with the appendix to the Registration Regulations (Application for Registration as Nominee). The relevant form is on the Implenia website.

🔗 <http://www.implenia.com/en/investor-relations/shares/application.html>

2.6.4 Procedure and conditions for cancelling privileges granted under the Articles of Association and limitations on transferability

There are no privileges under the Articles of Association. Cancellation of transferability restrictions requires a resolution by the General Meeting adopted by at least two thirds of the votes represented at the meeting and an absolute majority of the nominal value of shares represented at the meeting (Art. 16 Para. 1c of the Articles of Association).

2.7 Convertible bonds and options

There are no outstanding convertible bonds or options.

3. Board of Directors

3.1 Members of the Board of Directors

During the year under review the Board of Directors of Implenla Ltd. consisted of Markus Dennler as Chairman, Hans-Beat Gürtler as Vice Chairman, and Hubert Achermann, Chantal Balet Emery, Calvin Grieder, Patrick Hünervadel and Sarah Springman as Members. Sarah Springman stepped down from the Board at the end of 2014. The Board of Directors thus consisted of seven Members during the year under review.

None of the Members of the Board of Directors performs an operational management role for Implenla or any of its group companies. Neither has any Member of the Board of Directors been part of the Executive Board/Group Executive Board of Implenla Ltd. or any of its Group companies during the last three financial years. No Member of the Board of Directors has any significant business relationships with the Implenla Group.

Markus Dennler
(born 1956, Swiss)

Markus Dennler has been Chairman of the Board of Directors of Implenla Ltd. since 1 October 2011, having previously served as Vice Chairman from March 2006. He was Chairman of the Board of Directors of Batigroup Holding AG between 2005 and the company's merger with Zschokke Holding AG in 2006. He is also a Member of the Board of Directors of, among others, Swissquote Group Holding SA, Swissquote Bank SA and Zattoo International AG; Chairman of the Board of Allianz Suisse; and a Member of the Board of the British-Swiss Chamber of Commerce. After leaving the University of Zurich with a doctorate in law, he qualified to practise as an attorney. He joined Credit Suisse Group in 1986, and in 2000 became a Member of the Executive Board of Credit Suisse Financial Services. At the beginning of 2005 Markus Dennler set up his own legal practice in Zurich.

Hans-Beat Gürtler
(born 1946, Swiss)

Hans-Beat Gürtler has been Vice Chairman of the Board of Directors since October 2011. He has been a Board Member since April 2010. He is management partner at Varuma AG, a privately held Swiss investment company in Basel, as well as a Member of the Board of Basilea Pharmaceutica AG in Basel. He is also a Member of the Life Sciences Commission of the Basel Chamber of Commerce and a Member and Chairman of the Boards of Directors of several private Swiss companies, most of them start-ups and SMEs, primarily in the pharmaceuticals/biotech sector. Prior to joining Varuma AG, he held the position of Global CEO at Novartis Animal Health, where he was responsible for the worldwide business, including research, development, manufacturing and marketing of animal pharmaceuticals for pets and farm animals. Previously, Mr. Gürtler held various increasingly senior management positions at Ciba-Geigy Ltd. As CEO of Mahissa, Ciba-Geigy's seeds business in Spain, he lived in Barcelona for several years. Hans-Beat Gürtler holds a commercial diploma.



Hubert Achermann

(born 1951, Swiss)

Hubert Achermann has been a Member of the Board of Directors since March 2013. From 2004 to September 2012 he was CEO of KPMG Schweiz and performed several key roles at international level. He began his career in 1982 at FIDES Treuhandgesellschaft. From 1987 to 1994 he headed the company's Lucerne office. In 1992 he was made Partner and Vice Chairman of the Board of Directors of KPMG Schweiz, and in 1994 joined the Executive Board, where he was responsible for tax and law. Hubert Achermann has been a Member of the Board of Directors and the Audit Committee of Georg Fischer AG since 2014. He is Chairman of the Board of Trustees of the Lucerne Festival, the Friends of Lucerne Festival Foundation, and the Salle Modulable Foundation. Hubert Achermann is also a Member of the Board of Trustees of the Ernst von Siemens Music Foundation and the Kühne Foundation. Hubert Achermann studied law at the University Bern and then qualified to practise law in Canton Lucerne in 1977. He gained his doctorate in law (Dr. iur.) in 1983 with a dissertation on international civil procedural law.



Chantal Balet Emery

(born 1952, Swiss)

Chantal Balet Emery has been a Member of the Board of Directors since March 2013. She is a consultant lawyer and notary at the Pratifori notary's office and an honorary member of the consultancy Fasel, Balet, Loretan, d'Arenberg (FBLA). From 1994 to 2008 she headed the Western Swiss office of the "economiesuisse" business association in Geneva. From 1984 to 1994 she worked as a self-employed lawyer and notary in Canton Valais. She is Chair of the Fédération romande pour l'énergie and a Member of the Boards of Directors of the following companies: Vaudoise Assurances Holding SA, Vaudoise Générale, Compagnie d'Assurances SA, Vaudoise Vie, Compagnie d'Assurances SA, Mutuelle Vaudoise, Société Coopérative, Walliser Kantonalbank, Robert Gilliard SA Vins, Gillard-Juat SA and OLF SA. Chantal Balet Emery also sits on the Board of Trustees of the Leenards Foundation.



Calvin Grieder

(born 1955, Swiss)

Calvin Grieder has been a Member of the Board of Directors since March 2013. He grew up in the USA and graduated as a process engineer from the Federal Institute of Technology in Zurich (ETH). He then held various management positions in Swiss and German companies in the fields of control engineering, automation, and plant design (Georg Fischer, Bürkert, Mikron and SIG). In these roles he was mainly responsible for successfully developing and expanding international business. In 2001 Calvin Grieder moved from Swisscom to Bühler Group, which he has led as CEO ever since. Since February 2014 he has also been Chairman of the Board of Directors. He a Member of the Board of Directors Givaudan SA.

Patrick Hünerwadel

(born 1959, Swiss)

Patrick Hünerwadel has been a Member of the Board of Directors since March 2006. He is a partner at the Lenz & Staehelin law firm (since 1994) and he teaches courses in company law and the general law of obligations at the University of St. Gallen. Patrick Hünerwadel is also the Managing Director of Stanley Works (Europe) GmbH in Dübendorf and a Member of the Board of Trustees of the Vontobel Foundation. He was a Member of the Board of Directors of Batigroup Holding AG from 1997, and Vice Chairman from 1999 until the merger with Zschokke Holding AG. He holds a degree and a doctorate in law from the University of St. Gallen. Patrick Hünerwadel qualified to practise law in Zurich.



Sarah Springman (until 31 December 2014)

(born 1956, British)

Sarah Springman was a Member of the Board of Directors from March 2013 until 31 December 2014. She is Rector Designate of the ETH Zurich and Professor at the Institute of Geotechnical Engineering, where she specialises in the interaction between soil structure and buildings and the geotechnical aspects of natural hazards. Between 1988 and 1996 she was a research fellow and lecturer at the University of Cambridge. In 1975 and then between 1979 and 1983 she worked for consulting engineers Sir Alexander Gibb and Partners in the UK, Australia and Fiji. She is also involved in sports administration as a Member of the Board of UK Sport, as Director and inaugural President of the British Triathlon Federation until the end of 2012, and in other institutions. Sarah Springman is a qualified construction engineer and studied engineering sciences at the University of Cambridge (MA in geotechnology). She is a Member of the SIA, a Fellow of the Institution of Civil Engineers and of the Royal Academy of Engineering, and has an honorary doctorate from Bath University.



3.2 Other activities and interests

This information is given above in the individual profiles of the Members of the Board of Directors.

3.3 Rules included in the Articles of Association relating to the number of permitted activities allowed under Art. 12 Para. 1 Section. 1 of the Ordinance Against Excessive Pay at Publicly Listed Companies (VegÜV)

According to Art. 22e of the Articles of Association, the number of permitted mandates that Members of the Board of Directors can take in the most senior management and supervisory bodies of legal entities outside the Implenia Group that are registered in the Swiss Commercial Register or similar foreign register is limited to five mandates in listed companies, ten mandates in unlisted companies, and twenty mandates in other legal entities such as foundations and associations. If mandates are exercised in different legal entities within one group, or on behalf of one group or legal entity, these are counted altogether as one mandate. A Member can exceed the maximum limits for a short time in line with the Articles mentioned above.

The Board of Directors will ask the Annual General Meeting of 24 March 2015 to amend Art. 22e of the Articles of Association by reducing the number of permitted mandates for Members of the Board of Directors and Group Executive Board.

3.4 Elections and terms of office

3.4.1 Length of terms of office and limits on terms of office

The term of office of Board Members is one year. This commences on the date of election and finishes at the end of the next Annual General Meeting, unless the member resigns or is dismissed before this (Art. 18 Para. 3 of the Articles of Association). Members of the Board of Directors can be reelected at any time (Art. 18 Para. 4 of the Articles of Association), but they are subject to an upper age limit of 70 years; if they reach this age limit, they must leave the Board at the following Annual General Meeting (Art. 18 Para. 5 of the Articles of Association).

3.4.2 First election

The dates on which each Member of the Board of Directors was first elected are given in the following table:

Member of the Board of Directors	First elected
Markus Dennler	20.12.2005
Hans-Beat Gürtler	14.4.2010
Hubert Achermann	27.3.2013
Chantal Balet Emery	27.3.2013
Calvin Grieder	27.3.2013
Patrick Hünerwadel	20.12.2005
Sarah Springman (until 31 December 2014)	27.3.2013

3.4.3 Principles of the election procedure

In accordance with the Ordinance Against Excessive Pay at Publicly Listed Companies (“VegüV”), Members of the Board of Directors are elected individually by the AGM based on Art. 9b of the Articles of Association. The Chairman of the Board of Directors, the Members of the Remuneration Committee (Nomination and Remuneration Committee) and the independent proxy are also elected by the AGM in accordance with this provision of the Articles of Association. Also in line with the relevant provisions of the VegüV, Members of the Board of Directors and of the Nomination and Remuneration Committee are elected individually (Art. 18, Para. 2 of the Articles of Association).

With regard to dealing with a vacancy in the office of Chairman of the Board of Directors, or with the Remuneration Committee not having sufficient Members, or with the company not having an independent proxy, the Articles of Association do not include any provisions that deviate from Art. 4 Para. 4 VegüV, Art. 7 Para. 4 VegüV and Art. 8 Para. 6 VegüV.

3.5 Internal organisation

3.5.1 Allocation of tasks within the Board of Directors

Apart from the election of the Chairman of the Board of Directors and the Members of the Nomination and Remuneration Committee by the AGM, the Board of Directors constitutes itself and appoints the Vice Chairman of the Board of Directors and the Secretary to the Board of Directors.

There is no formal distribution of responsibilities within the Board of Directors except for the Chairman of the Board of Directors’ powers of authority as described here.

The tasks and powers of the Chairman of the Board of Directors are as defined by the law, the Articles of Association, the Organisational Regulations of 19 June 2014 (“Implenia’s OR”) and the Table of Responsibilities of 11 August 2014 (“Table of Responsibilities”), as well as by any specific resolutions of the Board of Directors. The Chairman chairs meetings of the Board of Directors. In urgent cases, he is allowed to perform the duties of the Board of Directors by himself. This applies in particular if a decision cannot be taken by the Board of Directors in time, and if the Chairman may reasonably expect the Board to agree with his actions. In such cases the Chairman must inform the other Members of the Board of Directors immediately (Section 2.8a Implenia’s OR). The Chairman can also ask the CEO and other Members of the Group Executive Board for any information at any time. These people must also brief him on all important business. The Chairman ensures that the other Members of the Board of Directors are briefed on significant developments in good time (Section 2.8b of Implenia’s OR). If the Chairman is unable to carry out his duties or exercise his powers or in the event of an exclusion of the Chairman, the Vice Chairman, or if necessary another Member of the Board of Directors to be chosen by the Board, shall do so in his place (Section 2.8c Implenia’s OR).

Implenia’s OR (excluding the Table of Responsibilities) can be found on the Implenia website.

🔗 <http://www.implenia.com/en/implenia/organizational-and-management-regulations.html>

3.5.2 Members, tasks and areas of responsibility of the committees of the Board of Directors

The Board of Directors has formed three committees – the Audit Committee, the Nomination and Remuneration Committee and the Sustainability Committee. These committees analyse the relevant areas and submit reports to the Board of Directors so it can prepare decisions or perform its monitoring function. The Chairs of the individual committees inform the Board of Directors about all major points and give recommendations for the decisions that have to be taken by the Board as a whole. The committees’ tasks and responsibilities are set out in Implenia’s OR and in the Table of Responsibilities appended to the OR, as well as in regulations issued by the Board of Directors.

The committees and their Members for the year under review are shown in the table below:

Member of the Board of Directors	Audit Committee	Nomination and Remuneration Committee	Sustainability Committee
Markus Dennler			
Hans-Beat Gürtler			
Hubert Achermann	• (Chairman)	•	
Chantal Balet Emery	•		•
Calvin Grieder		• (Chairman)	
Patrick Hünerwadel	•		•
Sarah Springman (until 31 December 2014)		•	• (Chairwoman)

The Audit Committee consists of at least two Members of the Board of Directors. It handles all Board business relating to the monitoring and structuring of the accounting system, financial controlling (internal control system), financial planning and risk management. It coordinates and harmonises the work of the internal and external auditors. It is also responsible for regular communication with the internal and external auditors and formulates instructions for the internal and external audit. It has the authority to order special audits (Section 3.2 Implenia’s OR).

The Nomination and Remuneration Committee is made up of between two and four Members of the Board of Directors. It prepares the Board of Directors' and Group Executive Board's succession planning and helps the Board of Directors select suitable candidates for positions on the Board of Directors and Group Executive Board. The Nomination and Remuneration Committee helps the Board of Directors and CEO decide on, and make proposals to the General Meeting about, remuneration at the company's most senior levels, i.e. the Board of Directors and Group Executive Board (Section 3.3 Implenia's OR). The principles governing the tasks and responsibilities of the Nomination and Remuneration Committee in relation to remuneration are determined by the General Meeting in Art. 21a of the Articles of Association.

The Sustainability Committee consists of at least two Members of the Board of Directors. It helps the Board of Directors and Group Executive Board define the sustainability strategy and performs any other related tasks delegated to it by the Board of Directors (Section 3.4 Implenia's OR).

The Members of the Nomination and Remuneration Committee are elected individually by the General Meeting from among the Members of the Board of Directors. The Members of the Audit Committee and the Sustainability Committee are appointed by the Board of Directors. The committees organise themselves. The Board issues regulations in response to committee proposals.

The committees are fundamentally advisory bodies; decision-making power is reserved for the Board of Directors as a whole. The committees only have decision-making power when this is stipulated in the Table of Responsibilities or committee regulations, or by special resolution of the Board of Directors; there was no such delegation of decision-making power during the year under review.

The committees are authorised to carry out or commission investigations into all matters relating to their area of responsibility. They can bring in independent experts to help. The Board of Directors can appoint ad hoc committees for specific tasks and allocate powers of preparation, monitoring and/or decision-making to these committees (Section 3.1 Paras. 1 and 6 Implenia's OR). No ad hoc committees were formed during the year under review.

3.5.3 Work methods of the Board of Directors and its committees

The Board of Directors and its committees meet as often as business requires, but at least six times a year (Board of Directors), three times a year (Audit Committee), or twice a year (other committees). Meetings take place at the invitation of the chair of the committee concerned. Invitations are accompanied by an agenda and meeting documents. In addition, each Member is entitled to request that a meeting be convened and can request that items are added to the agenda. Each meeting of the Board of Directors is chaired by the Chairman of the Board; the committee meetings are led by the committee chairs. Meetings are quorate if the majority of Members are in attendance. Members who take part in the meeting via telephone or video conference shall be regarded as being present at the meeting. The Board of Directors and its committees pass resolutions and elect Members by simple majority of the votes cast by attending Members. Abstentions are not permitted. In the event of a tie, the Chairman shall have the casting vote. The results of discussions and the resolutions made are minuted. The CEO, the CFO and, where required, further Members of the Group Executive Board take part in the meetings of the Board of Directors. The Board of Directors also holds regular meetings without the participation of the CEO, the CFO or Members of the Group Executive Board (Section 2.3c Impleña's OR).

The Chairman of the Board of Directors participates in meetings of the Audit Committee as a standing guest. The Audit Committee's meetings are generally also attended by the CEO, the CFO, and the Head of Corporate Controlling, where necessary the Head of Internal Audit, and, if required by the business at hand, one or more representatives of the external auditors and other persons selected by the Chair. Meetings of the Nomination and Remuneration Committee are generally also attended by the CEO, the CFO and the Head of Human Resources. The CEO takes part in meetings of the Sustainability Committee. Guests at meetings of the Board of Directors and the committees have no voting rights (Section 3 of the Regulations of the Nomination and Remuneration, Audit, and Sustainability Committees). Furthermore, Members of the Group Executive Board do not attend meetings of the Nomination and Remuneration Committee or of the Board of Directors if their own performances are being assessed, or if their remuneration is being discussed (Section 3 of the Regulations of the Nomination and Remuneration Committee).

During the year under review, the Board of Directors held fifteen meetings convened by its Chairman, with eight of these meetings taking the form of a telephone conference. The average length of its meetings was around five hours. The average length of the telephone conferences was around half an hour. The Group Executive Board was always present in the person of the CEO. The CFO also regularly attended the meetings of the Board of Directors during the year under review.

The Audit Committee met three times during the year under review. The meetings lasted five hours on average. The CEO, the CFO and the Head of Corporate Controlling took part in the meetings of the Audit Committee. The auditor attended every committee meeting during the year under review.

The Nomination and Remuneration Committee held three meetings. The average duration of these meetings was two hours. The CEO attended every committee meeting. In addition, the CFO and the Head of Human Resources attended the meetings. However, they were not present when their own compensation was discussed and their performance was appraised.

The Sustainability Committee had one meeting during the year under review which lasted two hours. The CEO and Members of the operational Sustainability Committee attended this committee meeting.

External consultants took part in some of the meetings of the Board of Directors or its Committees during the year under review.

3.6 Definition of areas of responsibility

The Board of Directors has delegated the management of Implenla Group to the CEO to the extent that the law, the Articles of Association, or Implenla's OR do not stipulate otherwise, and provided that responsibilities are not delegated to the Group Executive Board or its individual Members:

The CEO is responsible for operational management and for representing Implenla Group to the extent that these duties are not assigned to other bodies by the law, the Articles of Association or Implenla's OR (incl. Table of Responsibilities). He is responsible for managing the Group's business and for representing the Group, and especially for its operational management and for implementing the strategy. Unless these are reserved for the Board of Directors, he is empowered to arrange or perform the duties and powers of authority assigned to him by Implenla's OR, and/or delegate these to qualified subordinate units if he instructs and monitors them accordingly. The CEO is supported in managing the business by the Members of the Group Executive Board, all of whom report directly to him. The CEO is responsible for reporting to the Chairman of the Board of Directors and to the Board of Directors (Section 4.1 et seq. Implenla's OR).

The Group Executive Board consists of the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Business Unit Heads and any other Members appointed by the Board of Directors. The Members of the Group Executive Board are appointed and deselected by the Board of Directors (Section 4.3 Implenla's OR).

The Group Executive Board has the powers detailed in the Table of Responsibilities plus those delegated to it by the Board of Directors or CEO in individual cases. It meets as often as business requires but at least once a quarter. Within the Group Executive Board the CEO has the casting vote as well as a right of veto as shown in the Table of Responsibilities. Essentially, the CEO has this right of veto over transactions with strategic importance or major financial implications. The Members of the Group Executive Board have full operational responsibility for managing their allocated business areas. They are responsible for the results achieved by their allocated areas and they report to the CEO (Section 4.3 Implenla's OR).

The CFO is responsible for all of the company's and Implenla Group's financial concerns to the extent that these are not expressly assigned to other bodies or individuals. He is also responsible for managing the Corporate Center, which provides services for the subsidiaries all across the group. The CFO reports to the CEO (Section 4.4 Implenla's OR).

As well as the powers of authority reserved under Art. 716a of the Swiss Code of Obligations, the Board of Directors also takes decisions on the following major areas of business as shown in the Table of Responsibilities:

- Purchases or sales of holdings with an enterprise value from CHF 25 million upwards;
- Entering into or ending long-term joint ventures or strategic partnerships (lasting for longer than one project);
- Defining target markets and deciding to enter a market;
- Defining financial policy principles (level of debt and financial indicators);
- Defining the funding concept;
- Obtaining debt capital (credit facilities, bonds, private placements and other capital market transactions, leasing, hire purchase) of more than CHF 50 million;
- Fundamental issues and guidelines relating to the investment of financial resources;
- Issuing group guarantees, warranties, bid, performance and payment bonds etc., other collateral, and contingent liabilities outside normal business activity worth more than CHF 5 million;
- Use of derivative financial products when not deployed exclusively to reduce risks.

3.7 Information from and control over the Group Executive Board

To monitor how the CEO and members of the Group Executive Board perform the tasks entrusted to them, the Board of Directors has the following information and control tools at its disposal:

Information and control tools

	Annual	Semiannual	Quarterly	Monthly
MIS (Management Information System)				•
Financial statements (balance sheet, income statement, operating accounts, cash flow statement, by Business Unit and consolidated)			•	
Budget (by Business Unit and consolidated)	•			
Rolling three-year plan (by Business Unit and consolidated)	•			
Risk management report		•		

The MIS (Management Information System) provides monthly reporting on how the business is performing. The MIS report contains information about turnover, margins, costs and the operating result, plus information about orders on hand, capital spending, invested capital, liquidity and headcount. The relevant documents are submitted to the Group Executive Board and the Board of Directors together with a quarterly updated commentary and an estimate for the year as a whole. Members of the Board of Directors cannot access the MIS directly.

The accounts are reported every quarter with the IFRS financial report and the internal reporting, which details the business performance to date and gives an estimate of year-end figures.

As part of the budget planning for the following year, the key figures used in the MIS are estimated on the basis of expected economic developments, and defined along with the business goals for each Business Unit. These are then used to prepare the budgeted balance sheet, income statement, cash flow statement and liquidity position.

The annual planning for the coming three calendar years (rolling three-year plan) is done in the same way as the budget.

Operational and financial risks in each Business Unit are assessed every half year by the responsible operational managers and consolidated by the Finance Department. The recorded risks are divided for the most part into “key projects”, “other projects”, “financial risks” and “management risks”, and evaluated qualitatively (scale and likelihood) and quantitatively (worst/real/best case). The measures taken by the operational managers are then monitored by the Corporate Controlling Department. The Head of Corporate Controlling presents a commentary on and explanation of the risk management report directly to the Audit Committee.

The internal control system is examined by the external auditor, which reports its findings to the Board of Directors in accordance with the law (Art. 728a Para. 1 Section 3, and 728b Para. 1 SCO). Reports on the individual information tools are prepared and consolidated by the Finance department. These are then presented simultaneously to the Board of Directors and Group Executive Board. At meetings of the Group Executive Board and the Audit Committee the reporting is presented and explained by the CFO and Head of Corporate Controlling. The Group Executive Board presents the Board of Directors with a detailed analysis at each meeting of the Board.

The CEO, the CFO and the Head of Corporate Controlling take part in the meetings of the Audit Committee. They provide detailed information about the business performance, make any necessary comments about this and answer questions asked by Members of the Audit Committee.

The Board of Directors has hired a recognised audit company to perform the internal audit function. The main focuses of the internal audit are set by the Audit Committee on the basis of the multi-year audit plan. During the year under review the main focuses were “employees”, “purchasing”, “compliance” and “project definitions”. The project plan for internal audit activities is implemented in consultation with the CFO. The internal auditor prepared reports in line with the project plan and submitted these to the Audit Committee together with the necessary comments and recommendations. The Internal Audit Unit reports directly to each meeting of the Audit Committee. The internal auditor’s reports are given to the external auditors without qualification. There is regular communication between the internal and external auditors.



Arturo Henniger†

Arturo Henniger, Head of Implemia's Tunnelling & Civil Engineering Business Unit and a Member of the Group Executive Board, died at the beginning of August 2014 aged 57 as a result of a short and severe illness. Implemia is deeply saddened. On 16 December René Kotacka was appointed as his successor.

4. Group Executive Board

The Group Executive Board consists of the CEO, the CFO/Head of Corporate Center and the Heads of the individual Business Units.

On the balance sheet date the Members of the Group Executive Board were Anton Affentranger (CEO), Beat Fellmann (CFO/Head Corporate Center), Christof Gämperle (Head Business Unit Construction German-speaking Switzerland), René Kotacka (Head Business Unit Tunnelling & Civil Engineering), André Métral (Head Business Unit Construction French-speaking Switzerland), Stephan Wüstemann (Head Business Unit Buildings), Petter Vistnes (Head Business Unit Norge) and René Zahnd (Head Business Unit Modernisation & Development).

Arturo Henniger, who was the Head of Business Unit Tunnelling & Civil Engineering at the start of the year, died on 8 August 2014 following an illness. Implemia's Board of Directors, Group Executive Board and employees are deeply saddened by his passing. Arturo Henniger joined Implemia's predecessor company Zschokke-Locher in 1992. Ever since Zschokke merged with Batigroup to form Implemia in 2006 he was a member of the group's most senior operational management body, initially as the Head of the Construction Infrastructure Division and then from February 2013 as Head of Business Unit Tunnelling & Civil Engineering. After Arturo Henniger's death, René Kotacka took over as Head of the Business Unit, initially on an interim basis. On 16 December 2014 René Kotacka was appointed as a Member of the Group Executive Board.

Reimer Siegert, who was the Head of Business Unit Modernisation & Development at the start of the year under review, left the Group Executive Board on 31 January 2014. On 1 February 2014 Stephan Wüstemann joined the Group Executive Board.

4.1 Members of the Group Executive Board

(see following pages)



Petter Vistnes, Beat Fellmann, Christof Gämperle, André Métral, Stephan Wüstemann, Anton Affentranger, René Zahnd and René Kotacka (l. to r.).

Anton Affentranger

(born 1956, Swiss)

Anton Affentranger has been CEO of Implenla since October 2011. From March 2006 to September 2011 he was Chairman of the Board of Directors. Between 6 April 2009 and 31 August 2010 he was the Executive Member of the Board (as Chairman and CEO). He is also the founder and chairman of Affentranger Associates AG and various start-up companies. Anton Affentranger worked for UBS in New York, Hong Kong and Geneva, and was a Member of the bank's Executive Board at its head office in Zurich. He was also partner and CEO of the private bank Lombard Odier & Cie and CFO of Roche Holding AG. In 1999 he joined the Board of Directors of Zschokke Holding AG, becoming Chairman in 2003. Anton Affentranger graduated from the University of Geneva with an economics degree. On 1 October 2011 he was appointed by the Board as the new CEO of Implenla. On the same date he stepped down from the Board of Directors of Implenla and from the operational management of his private companies.

Beat Fellmann

(born 1964, Swiss)

Beat Fellmann has been Implenla's CFO and Head of Corporate Centre since October 2008. He graduated with a degree in economics from the University of St. Gallen, and he is also a qualified auditor. He began his career as an internal auditor with the international industrial group Bühler, where he became assistant to the CEO and Chairman before becoming a specialist in financing projects. In 1998 he joined Holcim Group, where he was Head of Financial Holdings. In this role he reported to the CFO and was responsible for all financial and holding companies worldwide. In January 2005 Beat Fellmann became deputy group CFO at Holcim and was also made responsible for group tax, as well as for the management company's IT, finance and controlling. Beat Fellmann is a Member of the Board of Directors of Olmero AG. In December 2013 he was appointed by the Board of Directors of the Swiss Financial Market Supervisory Authority (FINMA) as a Member of the Swiss Takeover Board (TOB), on which he has served since 1 January 2014.



Christof Gämperle

(born 1962, Swiss)

Christof Gämperle has been in charge of the Construction German-speaking Switzerland Business Unit since February 2013. Before that he was General Counsel of Implenla Group from 1 August 2010. Christof Gämperle qualified in law from the University of St. Gallen as lic.iur.HSG, and then began his career in the Legal Service of Canton St. Gallen's Civil Engineering Office. From 1993 to 1997 Gämperle was Deputy General Secretary in the Canton St. Gallen Building Department. For the next six years as in charge of the legal service there before being appointed General Secretary in 2003. Christof Gämperle performed this role until he joined Implenla in 2010. Christof Gämperle is a Member of the Board of Trustees of the Kliniken Valens und Walenstadtberg Foundation.

**René Kotacka**

(born 1962, Swiss)

René Kotacka has been responsible for Business Unit Tunnelling & Civil Engineering since December 2014. René Kotacka graduated as a construction engineer from the Federal Institute of Technology (ETH) in 1988. In the same year he began his career at Implenla's predecessor firm Zschokke (AG Heinr. Hatt-Haller), immediately becoming a construction manager and then a site manager for various tunnelling projects. Around the start of the new millennium René Kotacka became project manager and head of technical management for the "Aeschertunnel", part of Zurich's western bypass. He was then responsible for various sub-surface new-build and refurbishment projects as project manager and member of the construction committee. In 2006 Kotacka was appointed Head of International Production and Refurbishment. In 2011 he then took on responsibility for acquisitions at the Tunnelling & Civil Engineering unit and became a member of the Implenla Tunnelling & Civil Engineering Management Committee.



André Métral

(born 1964, Swiss)

André Métral, has been in charge of Business Unit Construction French-speaking Switzerland since February 2013. Having graduated in construction engineering from ETH Zurich he started his career in 1989 with the Zschokke Group in Geneva. André Métral initially worked as a structural engineer, then as an expert in geotechnics and foundation engineering, taking part in studies for and execution of complex infrastructure projects. He soon became Head of Geotechnics and Foundation Engineering in Western Switzerland. In 2011 André Métral became Head of the Infra West Division, which covered all areas of activity associated with construction, buildings, civil engineering and production in Western Switzerland.

Petter Vistnes

(born 1964, Norwegian)

Petter Vistnes has been in charge of Business Unit Norge since July 2011. He studied Civil Engineering at the Norwegian Institute of Technology (NTNU) from 1985 to 1989. He then worked for the Norwegian Public Roads Administration. From 1993 to 2002 Petter Vistnes took on various positions within the international construction and real estate group NCC, ending up as manager of the southern region construction division. Betonmast AS appointed Petter Vistnes as CEO in 2002. During the same period he added to his academic qualifications with a masters in strategic management. He remained CEO of Betonmast AS until Implenias Group took over Betonmast Anlegg AS (the civil engineering division of Betonmast) in July 2011 and integrated it into the Group as Implenias Norge. In February 2013 Petter Vistnes was appointed as a Member of the Group Executive Board.



Stephan Wüstemann

(born 1955, Swiss)

Stephan Wüstemann has headed the Business Unit Buildings since February 2014. A qualified architect (SIA) and industrial engineering graduate (FH), in 1991 Stephan Wüstemann embarked on a three-year postgraduate course in environmental sciences at the University of Zurich. For almost nine years from 1993 he worked at SBC, UBS and Credit Suisse as a managing director for recovery and real estate finance. After a year as COO of Tivona Real Estate Group, Stephan Wüstemann joined Batigroup AG in 2003, becoming Head of the Basel General Contracting Profit Centre as well as interim Division Head and Member of the Group Executive Board. Following the merger of Batigroup and Zschokke he moved to Bauengineering AG in 2006, which he headed as CEO from the end of 2008. From 2010 Stephan Wüstemann was Head of General Contracting German-speaking Switzerland as well as Deputy Divisional Head, and from February 2013 to February 2014 was Deputy Head of Business Unit Buildings.

**René Zahnd**

(born 1966, Swiss)

René Zahnd has been responsible for the Business Unit Modernisation & Development since February 2014. In this role he manages the Modernisation, Development, Engineering (incl. Tetrag AG) and Wooden Construction units. René Zahnd studied law and is qualified to practise as an attorney. He worked in a law practice and at Berner Kantonalbank, specialising in construction, planning and real estate law. His in-depth experience in the construction and real estate industry began when he became head of legal services at Losinger Construction AG. In 2004 he took over operational responsibility for project development in Losinger's central region. In 2007 he moved to Bern-based general contractor Marazzi, where he was responsible for project development in German-speaking Switzerland. From May 2009, René Zahnd was in charge of Implenia's project development in Switzerland. From March 2010 he was Head of Implenia Real Estate, which brought him his appointment to Implenia's Group Executive Board.



4.2 Other activities and interests

This information is given above in the individual profiles of the Members of the Group Executive Board.

4.3 Rules included in the Articles of Association relating to the number of permitted activities allowed under Art.12 Para.1 Section. 1 of the Ordinance Against Excessive Pay at Publicly Listed Companies (VegÜV)

According to Art. 22e of the Articles of Association, the number of mandates that members of the Group Executive Board can take in the most senior management and supervisory bodies of legal entities outside the Implenia Group that are registered in the Swiss Commercial Register or similar foreign register is limited to ten mandates, if each is approved by the Nomination and Remuneration Committee, of which three may be at listed companies. If mandates are exercised in different legal entities within one group, or on behalf of one group or legal entity, these are counted altogether as one mandate. A member can exceed the maximum limits for a short time.

The Articles of Association with the precise wording of the provision mentioned above can be found on the website.

 <http://www.implenia.com/en/implenia/articles-of-association.html>

The Board of Directors will ask the Annual General Meeting of 24 March 2015 to amend Art. 22e of the Articles of Association by reducing the number of permitted mandates for Members of the Board of Directors and Group Executive Board.

4.4 Management contracts

There are no management contracts with third parties.

5. Compensation, shareholdings and loans

5.1 Content and method of determining the compensation and shareholding programmes

For the content and method of determining compensation and the granting of shares and loans to Members of the Board of Directors and Group Executive Board, please see the separate Remuneration Report starting on page 163.

5.2 Rules set out in the Articles of Association

5.2.1 Rules on the principles of remuneration laid down in the articles of association

The principles for remunerating the Members of the Board of Directors are set out in Art. 22a of the Articles of Association. This states that their overall maximum remuneration approved by the General Meeting consists of the remuneration until the next AGM, plus estimated social security charges and contributions to social security and pension institutions as well as other fringe benefits that are paid by the company and that qualify as remuneration. According to the above Article, the Board of Directors can determine that a portion of the remuneration is paid in shares. In this case, it defines the conditions, including the time of allocation and valuation, and decides on any retention period.

According to the current rules on the remuneration of Members of the Board of Directors, Members receive an annual fixed payment. There is no performance-related component to their remuneration. The rules on the remuneration of Members of the Board of Directors also state that Members of the Board of Directors receive 2/3 of the payment due in cash, and 1/3 in shares of Implenla Ltd. The shares are blocked for trading for three years.

The principles for compensating the Members of the Group Executive Board are set out in Art. 22b of the Articles of Association. According to Para. 1 of Art. 22b of the Articles of Association, their overall maximum remuneration as approved by the General Meeting consists of the annual basic remuneration, the maximum remuneration from the short-term profit plan, the value of the maximum allocation from the long-term participation plan, plus estimated social security charges and contributions to social security, pension and savings plans and other fringe benefits paid by the company.

The short-term components of remuneration are based, according to Para. 2 of Art. 22b of the Articles of Association, on objective performance values relating to the Group's or a business segment's results, to goals calculated in comparison to the market, other companies or comparable parameters, and/or to individual goals, the achievement of which is usually measured during a one-year period.

The long-term components of remuneration are based, according to Para. 3 of Art. 22b of the Articles of Association, on the company's long-term growth, and allow employees to participate appropriately in such growth.

Finally, Para. 4 of Art. 22b of the Articles of Association states that the Group Executive Board's remuneration takes the form of cash, shares, comparable instruments or units, or non-cash benefits or services. The Board of Directors can also stipulate that if a predefined event such as a change of control or termination of an employment contract occurs, exercise conditions and exercise periods or retention periods can be shortened or cancelled, remuneration may be paid on the assumption that goals are achieved, or remuneration may be forfeited.

The additional amount for remunerating Members of the Group Executive Board appointed after the General Meeting is set out in Art. 15 Para. 5 of the Articles of Association. According to this, the company is authorised to pay Members of the Group Executive Board who join or take on additional responsibilities during a period for which the Group Executive Board's remuneration has already been approved an additional amount of no more than 50% of the applicable total amount of remuneration paid to the Group Executive Board if the overall amount approved for the period in question is insufficient to pay the new Members. The additional amount does not have to be approved by the General Meeting and may be used by the company for all types of remuneration.

The Articles of Association with the precise wording of the provisions mentioned above can be found on the website.

🔗 <http://www.implenia.com/en/implenia/articles-of-association.html>

The Board of Directors will propose to the AGM of 24 March 2015 that this article be amended so that the remuneration of a new Member of the Group Executive Board or of a Member with additional responsibilities is capped.

5.2.2 Rules on loans, credit facilities and pensions for Members of the Board of Directors and the Group Executive Board

Art. 22c of the Articles of Association stipulates that payments into insurance and pension schemes outside the occupational pension scheme or similar foreign institutions are permitted if approved by the General Meeting individually or as part of an overall amount.

The Articles of Association do not include any provisions about granting loans or credit facilities to Members of the Board of Directors or the Group Executive Board.

The Articles of Association with the precise wording of the provision mentioned above can be found on the website.

🔗 <http://www.implenia.com/en/implenia/articles-of-association.html>

5.2.3 Rules on General Meeting votes about remuneration

General Meeting votes on remuneration paid to the Members of the Board of Directors and Group Executive Board are governed by Art. 15a of the Articles of Association.

Para. 1 of Art. 15a of the Articles of Association states that each year the General Meeting needs to give prospective approval to the Board of Directors' proposals about the maximum total amount paid to the Board of Directors for the period up to the next AGM and the overall amount paid to the Group Executive Board for the next financial year.

Based on Para. 2 of Art. 15a, the Board of Directors can make proposals to the General Meeting about the maximum total amounts or individual elements of remuneration for other periods, or about additional sums for special elements of remuneration, and additional proposals for approval.

Approval of the Board of Directors' proposals relating to remuneration is by relative majority without consideration of abstentions pursuant to Para. 3 of Art. 15a of the Articles of Association. If the General Meeting rejects a proposal from the Board of Directors, the Board of Directors must determine the steps to be taken. It can convene an Extraordinary General Meeting or set a maximum total amount or several maximum partial amounts taking into account all the relevant factors and submit this/these to the next General Meeting for approval. The company can pay remuneration within such a maximum total or partial amount subject to approval by the General Meeting.

The Articles of Association with the precise wording of the provisions mentioned above can be found on the website.

🔗 <http://www.implenia.com/en/implenia/articles-of-association.html>

6. Shareholders' participation rights

6.1 Voting rights and representation restrictions

All shareholders who are registered on the relevant cut-off date may participate in and vote at the Annual General Meeting of Shareholders on 24 March 2015. There are no restrictions on the right to vote of shareholders entered in the Share Register with voting rights on this date. Each share carries one vote.

Registration as a shareholder with voting rights may be refused (i) to shareholders which, when requested to do so by Implenia, do not expressly declare that they acquired and hold the shares in their own name and for their own account or, if acting as nominees, they do not declare in writing that they are prepared to reveal the names, addresses and number of shares held of the persons for whom they hold the shares, or if they do not immediately disclose this information on first request (Art. 7 Para. 4a of the Articles of Association), (ii) if the recognition of a purchaser as a shareholder may prevent Implenia from providing the proof required by law concerning the composition of its body of shareholders (Art. 7 Para. 4b of the Articles of Association).

As mentioned above, the Board of Directors may also reach agreements with nominees about their disclosure obligations (see section 2.6 above and the Registration Regulations).

🔗 <http://www.implenia.com/en/investor-relations/shares/regulations.html>

No exceptions were granted during the year under review.

The above restrictions on registration and voting rights prescribed by the Articles of Association can be removed by changing the Articles of Association. This requires a resolution by the General Meeting adopted by at least two thirds of the votes represented at the meeting and an absolute majority of the nominal value of shares represented at the meeting (Art. 16 Para. 1 of the Articles of Association).

In accordance with Art. 13 Para. 3 of the Articles of Association, shareholders who cannot take part in the General Meeting in person may be represented by another shareholder with voting rights (using a written power of proxy) or by their legal representative. Company representation and custodian representation pursuant to Art. 689c and 689c of the Swiss Code of Obligations are no longer allowed (Art. 11 VegüV).

Pursuant to Art. 13 Para. 4 of the Articles of Association, minors and persons in guardianship may be represented by their legal representative, married persons by their spouse and legal entities by an authorised signatory or by another authorised representative; this applies even if such representatives are not shareholders of the company. The chairperson of the General Meeting of Shareholders shall decide on the admissibility of a representative (Art. 13 Para. 5 of the Articles of Association).

The AGM of 24 March 2015 will be the first one where electronic issuing of instructions and powers of proxy will be possible.

The Articles of Association include no further regulations about the issuing of instructions to the independent proxy or electronic participation in the General Meeting. The applicable rules are set out in the invitation to the meeting.

6.2 Statutory quorums

The General Meeting of Shareholders makes its resolutions by the majorities stipulated by law. The Articles of Association do not stipulate any different majorities, except for the one needed for the removal or simplification of the restriction on the transferability of shares, which requires a resolution of the General Meeting approved by at least two thirds of the votes represented and an absolute majority of the nominal value of shares represented (Art. 16 Para. 1 of the Articles of Association). Resolutions about mergers, demergers and transformations are governed by the provisions of the Swiss Mergers Act.

6.3 Convocation of the General Meeting of Shareholders

The Annual General Meeting of Shareholders takes place each year no later than six months after the end of the financial year (Art. 10 Para. 2 of the Articles of Association). It is convened by the Board of Directors and the invitation must be published in the Swiss Commercial Gazette at least 20 days before the meeting together with the agenda items and proposals. Holders of registered shares may also be informed in writing (Art. 10 Para. 1 and Art 11 Para. 1 of the Articles of Association). The Board of Directors decides on the location of the General Meeting of Shareholders.

The invitations to and minutes of General Meetings are posted on the Implenla website.

🔗 <http://www.implenla.com/en/investor-relations/general-meeting/2014.html>

6.4 Inclusion of items on the agenda

Shareholders who together represent shares with a par value of at least CHF 1,000,000 may request that an item appear on the agenda. Such a request, together with details of the proposals, must be received in writing by the Board of Directors at least 45 days before the General Meeting (Art 11 Para. 2 of the Articles of Association).

The Board of Directors will propose an appropriate reduction in the CHF 1,000,000 threshold to shareholders at the Annual General Meeting of 24 March 2015.

6.5 Entry in the Share Register

Shareholders who are entered with voting rights in the Share Register on the relevant cut-off date will be sent an invitation to the General Meeting. The cut-off date for acquiring the right to vote at the General Meeting of Shareholders is set by the Board of Directors, based on Art 13. Para 2. of the Articles of Association. The dates concerned are stated in the invitation to the meeting.

The Articles of Association with the precise wording of the provisions mentioned above can be found on the website.

🔗 <http://www.implenla.com/en/implenla/articles-of-association.html>

7. Takeover and defence measures

7.1 Duty to make an offer

The Articles of Association contain no “opting out” or “opting up” clauses. This means that a shareholder who directly, indirectly or acting in concert with third parties, acquires equity securities of Implenía which, added to equity securities already owned, exceed the threshold of 33⅓ percent of the company’s voting rights, must make an offer to acquire all listed equity securities of the company

7.2 Change of control clause

No agreements relating to change of control have been made with the Members of the Board of Directors, the Members of the Group Executive Board or other executives.

8. Auditor

8.1 Duration of the mandate and term of office of the lead auditor

Since 2006 the auditor has been PricewaterhouseCoopers AG (Zurich). The duration of the auditing mandate given to PricewaterhouseCoopers AG is one financial year (Art. 22 of the Articles of Association). The current mandate began on 26 March 2014.

Christian Kessler is the Lead Auditor. He performed the role of Lead Auditor for the first time for the audit of the 2013 financial year.

8.2 Auditing fees

During the year under review, total fees invoiced by the auditing company came to CHF 1,064,500 (prior year: CHF 1,098,000).

8.3 Additional fees

Total additional fees for the current financial year come to CHF 1,011,549 (prior year: CHF 650,952). These fees were paid mainly for tax advisory services and consultancy services relating to the acquisition of Bilfinger Construction GmbH.

8.4 Informational instruments pertaining to an external audit

The main task of the Audit Committee is regularly and effectively to monitor the auditor's reporting to ensure its quality, integrity and transparency.

Representatives of the auditors attended all three meetings of the Audit Committee during the financial year. The auditing schedule, including fees, is presented to and discussed with the Members of the Audit Committee. The auditor presents any important observations in writing to the Audit Committee together with appropriate recommendations.

9. Information policy

Implenia is committed to open, transparent and regular communication with shareholders, the capital market and the general public. The CEO, CFO and Head of Investor Relations are available as contacts for shareholders, investors and analysts, and the Head of Communications Group as contact for the media. The most important information is communicated regularly as follows:

- Annual results (February/March): Publication of Annual Report, press and analysts' conference
- Half-year results (August/September): Publication of Half-year Report, press and analysts' conference
- General Meeting of Shareholders (March/April)

Over the course of the year, Implenia provides information on important business developments via media releases and letters to shareholders. As a company listed on the SIX Swiss Exchange Implenia is subject to "ad hoc publicity" rules, i.e. it must publish potentially price-sensitive information. Implenia also cultivates a dialogue with investors and the media through special events and road shows.

The website at www.implenia.com is available to shareholders, the capital market and the public as a constantly accessible, up-to-date information platform. It includes the most important facts and figures relating to Implenia, as well as financial publications, presentations on important developments and the dates of all relevant events (General Meetings, press conferences, etc.). Interested parties can subscribe to the free e-mail news service.

All press releases are posted on the website when released. There is also an archive of press releases dating back to 2005.

🔗 <http://www.implenia.com/en/investor-relations.html>

🔗 <http://www.implenia.com/en/investor-relations/publications/financial-publications.html>

🔗 <http://www.implenia.com/en/investor-relations/media-releases.html>

🔗 <http://www.implenia.com/en/investor-relations/media-releases/news-service.html>

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Remuneration Report

In accordance with the applicable provisions, this Remuneration Report describes the remuneration paid to Members of the Board of Directors and Executive Committee (Group Executive Board) of Implenia Ltd., as well as the remuneration structure and the type and size of payments actually made during the period under review.

1. Introduction and legal basis

This Remuneration Report was produced in accordance with the relevant provisions of the Ordinance Against Excessive Pay at Stock Exchange Listed Companies (VegüV), the Swiss Code of Best Practice for Corporate Governance and the Swiss Code of Obligations, as well as with the rules contained in the chapter on compensation, shareholdings and loans in the SIX Swiss Exchange Ltd.'s Directive on Information Relating to Corporate Governance.

In this Remuneration Report the Board of Directors discloses the type and amount of remuneration actually paid to the Board of Directors and the Executive Committee (Group Executive Board) of Implenia Ltd. It also includes details of the remuneration policy and remuneration structure.

The payments shown under Para. 4 and 5.3 were checked by the auditor. The Remuneration Report is being presented to shareholders at the forthcoming General Meeting on 24 March 2015 for a consultative vote.

2. Setting remuneration

2.1 Powers of authority and processes

The Articles of Association were amended by the AGM of 25 March 2014 on the basis of the Ordinance Against Excessive Pay at Publicly Listed Companies (VegüV). One of the amendments was to give the General Meeting the authority (Art. 15a of the Articles of Association) each year to approve, in response to a proposal from the Board of Directors, the maximum total remuneration paid to the Board of Directors for the period up to the next AGM and the total remuneration paid to the Group Executive Board for the next financial year:

- of remuneration paid to the Board of Directors for the period up to the next AG and
- of remuneration paid to the Group Executive Board for the next financial year.

These prospective decisions by the General Meeting empower the Board of Directors to pay remuneration within the approved total maximum amounts.

The Board of Directors makes proposals for approval by the General Meeting about the maximum overall amounts of remuneration paid to Members of the Board of Directors and Members of the Group Executive Board, as well as deciding about the payment of individual remuneration (within the approved maximum overall amounts). The Board of Directors decides on the compensation paid to the Chief Executive Officer (CEO) and to its own Members in response to the Nomination and Remuneration Committee's proposals. The Board of Directors decides on compensation paid to the Members of the Group Executive Board in response to a proposal from the CEO. The compensation paid to Members of the Board of Directors and Members of the Group Executive Board is regularly reviewed by the Board of Directors in response to proposals from the Nomination and Remuneration Committee and after considering the market situation.

2.2 Nomination and Remuneration Committee's duties and powers of authority

The duties, tasks and areas of responsibility of the Nomination and Remuneration Committee (NRC) include:

- Succession planning for the Board of Directors and Group Executive Board
- Periodic review of succession planning for other key positions within the Implenla Group
- Preparation of Implenla Group's remuneration policy
- Recommendations about remuneration for the Board of Directors, the CEO and the other Members of the Group Executive Board
- Setting targets for the CEO and the other Members of the Group Executive Board
- Regular appraisal of the performance of the CEO and the other Members of the Group Executive Board, in consultation with the Chairman of the Board of Directors

The NRC has a support and advisory role. Authority to decide on the proposals to be made to the General Meeting about the maximum total amounts and to decide on the payment of individual remuneration within these total amounts rests with the Board of Directors unless expressly ruled otherwise.

The NRC consists of at least two Members of the Board of Directors. The CEO, the CFO and the Head Human Resources usually attend the meetings of the NRC as guests and support its work. They do not take part in the votes and are not present when their own compensation is discussed or performance appraised.

The NRC meets at least twice a year in the first and final quarters of the year. At the start of the year the degree to which targets were achieved in the previous year, and the targets for the current year are discussed. The CEO presents a proposal for appraisal and remuneration of Members of the Group Executive Board. In response to a proposal from the Nomination and Remuneration Committee, the Board of Directors then takes the necessary decision on achievement of targets in the past financial year and on target setting for the current year. The NRC regularly reviews, among other things, the remuneration of the Board of Directors, the CEO and other Members of the Group Executive Board. When required it makes proposals to the Board of Directors about changes. After every meeting the whole Board of Directors is informed about the discussions and the resulting recommendations. In addition, the minutes of the meeting are given to all Members of the Board of Directors.

3. Remuneration policy and structure

3.1 Remuneration policy principles

Implenia's remuneration structure, which applies to all employees, has several levels and is based on a modern, transparent, performance-oriented remuneration policy.

Remuneration at Implenia ...

- is fair, appropriate, transparent and competitive.
- establishes a link to long-term sustainable corporate development.
- takes account of the level of responsibility, the quality of the work and the size of the workload for each function.
- puts the company in a position to attract and retain highly qualified staff so that it can reach its strategic goals.

The remuneration structure encompasses fixed and performance-related remuneration components that are aligned to the corporate strategy, competitiveness and the growth dynamic, as well as matching Implenia's functional level model. The performance-related component is determined by the annual target setting and performance appraisal process.

The individual's remuneration depends on the area of responsibility and the complexity of the function. The remuneration structures are designed to ensure that remuneration is pegged close to the relevant market medians. At the individual level, the annual target income is usually set within a range of 80% to 120% of the market median. The most important factor when calculating the salary is the employee's overall performance. Since 2012, Implenia has operated a formalised annual target setting and performance appraisal process.

3.2 Remuneration structure for Group Executive Board

Remuneration paid to the Members of the Group Executive Board is reviewed annually based on the principles described under 3.1. As well as a market comparison, function, performance, experience and effort are taken into account. Discretion is used in the weighting of these criteria.

Remuneration paid to Members of the Group Executive Board was last reviewed in 2013 by the globally active consultancy Hay Group to check that it was in line with the market, competitive and appropriate. This was done using a reference market of eight companies that have recruited from Switzerland's top executive market to fill similar roles. The emphasis here is on companies from industrial sectors, or those providing services to industry, that are comparable to Implenla Ltd. in size (number of employees, turnover) and business activity. The reference market includes ABB Ltd, Forbo Holding AG, Geberit International AG, Holcim Ltd, Kühne + Nagel International AG, Rieter Holding AG, Schindler Holding AG and Sika AG. With companies of different size to Implenla, comparability is achieved by using the Hay Group Chart-Profile Method, which eliminates potential distortions. The Hay Group has no further mandates with Implenla. There is no evidence to suggest that the remuneration of Executive Boards at the companies used for reference has changed significantly in the meantime.

The remuneration paid to Members of the Group Executive Board is made up of three components: a fixed basic salary in cash, a variable performance-related salary in cash, and remuneration in shares. The share component is paid as a fixed number of shares. The CEO's remuneration is based on the same principles as those used for the other Members of the Group Executive Board, apart from the share portion, which is distributed every half-year over three years and is linked to a forfeit clause. This forfeit clause states that if the employment contract is terminated, the claim to any shares not yet transferred is forfeited from the beginning of the notice period.

The total remuneration paid to the Group Executive Board and CEO must not exceed the maximum total amount approved by the General Meeting for the financial year concerned.

According to Art. 15a Para. 5 of the Articles of Association, the company is authorised to pay Members of the Group Executive Board who join or take on additional responsibilities during a period for which the Group Executive Board's remuneration has already been approved an additional amount of no more than 50% of the applicable total amount of remuneration paid to the Group Executive Board if the overall amount approved for the period in question is insufficient to pay the new Members. The additional amount does not have to be approved by the General Meeting and may be used by the company for all types of remuneration.

The Board of Directors will propose to the AGM of 24 March 2015 that this article be amended so that the remuneration of a new Member of the Group Executive Board or Member of the Group Executive Board who takes on new responsibilities cannot exceed 25% of that paid to the Chief Executive Officer (CEO).

Basic salary in cash

The basic salary in cash is paid out every month in equal instalments and accounts for around 55% of annual target income when the employment contract is signed.

Variable salary in cash

The variable salary in cash is a payment partly for achieving individual qualitative goals, and partly for reaching the company's financial targets. The variable salary in cash is paid as a percentage (around 20% on contract signing) of the annual target income and is based on predefined performance benchmarks. It is only paid if the defined performance targets are achieved. Exceeding or failing to achieve one or all of the targets leads to an increase (up to a maximum of 200%) or a reduction (down to 0%) of this remuneration component.

The variable salary in cash depends on the attainment of personal, qualitative targets set by the Board of Directors in accordance with Management by Objectives (30%) and the achievement of Implenla Ltd.'s financial targets (70%). These financial targets are determined on the basis of the annual budget of Implenla Ltd. The basis for assessment is made up of:

- a) 50%: achievement of the budgeted Group EBITDA
- b) 50%: achievement of the budgeted invested capital at Group level.

Once the annual results are available, the CEO assesses the extent to which the Members of the Group Executive Board have achieved their defined performance targets. The Nomination and Remuneration Committee makes the same assessment for the CEO. In both cases, the decision on remuneration rests with the Board of Directors.

Equity component

Shares are allocated as a fixed number of shares that cannot be changed for the duration of the contract. The share component is defined as a percentage – around 25% – of annual target income when the employment contract is signed. The value of the allocated shares in Swiss francs is calculated using the closing price on the last trading day of the financial year (for 2014: 30 December 2014) on the SIX Swiss Exchange. The shares are transferred at the end of the reporting period. The shares may not be sold or pledged or be encumbered in any other way during the three-year period following allocation. The blocking period carries on even if the employment relationship ends. This restriction on the right of disposal does not affect dividends, subscription rights for capital increases or the exercise of voting rights.

Expenses

As well as the expenses rules that apply to all employees, Members of the Group Executive Board are also covered by additional rules for senior employees to provide lump-sum compensation for entertainment and out-of-pocket expenses. Both sets of rules are approved by the responsible cantonal tax authorities.

Pension benefits

There are no special pension benefits for Members of the Group Executive Board. Pension and social security costs comprise the employer's contribution to social insurance and to the mandatory and supplementary occupational benefits cover. The share component of remuneration is not insured by the pension fund. According to Art. 22c of the Articles of Association, payments into insurance and pension schemes outside the occupational pension scheme or similar foreign institutions are permitted if approved by the General Meeting individually or as part of an overall amount.

Employment contracts

Members of the Group Executive Board have permanent employment contracts that can be terminated on one year's notice. They are not entitled to contractual joining or leaving payments ("golden parachutes", "golden handshakes", etc.).

3.3 Remuneration structure for the Board of Directors

The size, basis, and components of the remuneration paid to the Board of Directors are based on the Regulation on Compensating Members of the Board of Directors of Implenla Ltd. The remuneration structure for the Board of Directors is regularly reviewed.

The total remuneration paid to the Board of Directors must not exceed the maximum total amount approved by the General Meeting for the period concerned.

The remuneration paid to the Board of Directors was last reviewed in 2012 and adjusted on the basis of benchmark analyses against other Swiss companies working in the construction and associated industries, such as Forbo Holding AG, Geberit AG and Sika AG. The analysis was corrected for distorting effects. There is no evidence to suggest that the remuneration of Boards of Directors at these companies has changed significantly in the meantime.

Members of the Board of Directors receive an annual fixed remuneration. There is no performance-related component to their remuneration. The amount of remuneration for each function (Chairman, Vice Chairman, Chair of the Audit Committee, Member) is set based on the market analysis mentioned above, and after taking account of the entitlements detailed in the Regulation on Compensating Members of the Board of Directors. The regulation stipulates lump-sum compensation of CHF 340,000 for the Chairman of the Board of Directors, CHF 170,000 for the Vice Chair and for the Chair of the Audit Committee, and CHF 130,000 for each of the other Members of the Board of Directors. Two-thirds of this remuneration is paid in cash and one-third in the form of shares. The number of shares is calculated by taking the average price of Implenla Ltd. shares during the month of April in the year of office. The shares are blocked for a period of three years from allocation. The block continues to apply even after a person has left the Board, except in cases of disability and death.

No severance compensation was paid to former Board Member Sarah Springman when she left the Board at the end of the year under review.

Function	Total CHF	Of which in Implenia Ltd. shares ¹
Chairman of the Board of Directors	340 000	1/3
Vice Chairman	170 000	1/3
Chair of the Audit Committee	170 000	1/3
Other Members of the Board of Directors	130 000	1/3

¹ Average price for April

Expenses

The Members of the Board of Directors have their expenses reimbursed based on the Regulation on Compensating Members of the Board of Directors of Implenia Ltd. and in line with the rules for the Members of the Group Executive Board (see 3.2).

Pension benefits

Statutory and regulatory social security contributions due on remuneration paid to Members of the Board of Directors are paid by Implenia Ltd. According to Art. 22c of the Articles of Association, payments into insurance and pension schemes outside the occupational pension scheme or similar foreign institutions are permitted if approved by the General Meeting individually or as part of an overall amount.

3.4 Changes in the remuneration structure for the 2015 and 2016 financial years

Implenia Ltd.'s current transparent remuneration structure has proven effective. The Board of Directors believes that the objectives of fair, appropriate, transparent and competitive remuneration at all levels of the Implenia Group have been achieved. The remuneration structure also creates the greatest possible link to long-term sustainable corporate development. Consequently, no significant changes are envisaged for the remuneration structure for the 2015 and 2016 financial years.

4. Actual remuneration paid to the Group Executive Board and Board of Directors in 2014

4.1 Remuneration for current company officers

The total of all remuneration paid to the Group Executive Board and the Members of the Board of Directors in the year under review is CHF 10.3 million (prior year: CHF 10.7 million). The following information complies with the requirements of Art. 14–16 VegÜV.

The total of all remuneration paid to Members of the Group Executive Board serving during the year under review is shown below. The amounts shown include the compensation paid since their appointment to Members appointed to the Group Executive Board during the period under review.

Group Executive Board

	Fixed remuneration	One-time remuneration	Variable remuneration ¹	Definitely allocated shares ²		Social security expenses ⁹	Total
	CHF 1000	CHF 1000	CHF 1000	Number	CHF 1000	CHF 1000	CHF 1000
	gross	gross	gross		gross		
Anton Affentranger							
2014 ³	900	–	200	12,500	626	312	2,038
2013 ⁴	900	–	403	10,334	439	327	2,069
Other members of the Group Executive Board							
2014 ⁵	2,169	244	589	25,623	1,243	795	5,040
2013 ⁶	2,312	305	1,072	31,230	1,686	936	6,311
Former members of the Group Executive Board							
2014 ⁷	883	231	276	4,508	234	349	1,973
2013 ⁸	396	–	150	7,520	411	177	1,134
Total 2014	3,952	475	1,065	42,631	2,103	1,456	9,051
Total 2013	3,608	305	1,625	49,084	2,536	1,440	9,514

1 Paid in subsequent year

2 Implenla Ltd. shares, security number 2386855, nominal value CHF 1.02

3 Amounts based on closing price when shares allocated on 30.6.2014

4 Amounts based on closing price when shares allocated on 30.6.2013 and at year-end 2013

5 Amounts based on closing price when shares allocated at year-end 2014

6 Amounts based on closing price when shares allocated on 30.4.2014 and at year-end 2013

7 Amounts based on closing price when shares allocated on 6.8.2014

8 Amounts based on closing price when shares allocated at year-end 2013

9 Including pension contributions

The total remuneration paid in 2014 is lower than in 2013. Anton Affentranger has irrevocably waived his right to 12,500 shares from his end-of-year allocation (prior year: 6,333). This represents a waiver of CHF 0.6 million of remuneration (prior year: CHF 0.3 million).

REMUNERATION REPORT

The total of all remuneration paid to serving non-executive Members of the Board of Directors during the year under review is as follows:

Non-executive Board of Directors

	Basic fees	Definitely allocated shares ¹		Social security expenses	Total
	2014	2014	2014 ³	2014	2014
	CHF 1000	Number ²	CHF 1000	CHF 1000	CHF 1000
	gross		gross		
Markus Dennler, Chairman	227	1,774	95	45	367
Hans-Beat Gürtler, Vice-Chairman	113	887	48	18	179
Hubert Achermann, Member	113	887	48	23	184
Chantal Balet Emery, Member	87	678	36	18	141
Calvin Grieder, Member	87	678	36	18	141
Patrick Hünerwadel, Member	87	678	36	18	141
Sarah Springman, Member	87	678	36	18	141
Total	801	6,260	335	158	1,294

1 Implenia Ltd. shares, security number 2386855, nominal value CHF 1.02

2 Calculation based on average rate for April of the year under review

3 Amounts based on discounted fair market value

According to the 2013 Remuneration Report the total of all remuneration paid to serving non-executive Members of the Board of Directors in the 2013 financial year was as follows:

Non-executive Board of Directors (remuneration in 2013 financial year according to 2013 Remuneration Report)

	Basic fees	Definitely allocated shares ¹	Social security expenses	Total	
	2013	2013	2013	2013	
	CHF 1000	Number	CHF 1000	CHF 1000	
Markus Dennler, Chairman	227	2,290	95	45	367
Hans-Beat Gürtler, Vice-Chairman	113	1,145	48	18	179
Hubert Achermann, Member (since 27.3.2013)	85	859	36	18	139
Chantal Balet Emery, Member (since 27.3.2013)	65	657	27	14	106
Calvin Grieder, Member (since 27.3.2013)	65	657	27	14	106
Patrick Hünerrwadel, Member	87	875	36	19	142
Moritz Leuenberger, Member (until 27.3.2013)	22	219	9	2	33
Theophil Schlatter, Member (until 27.3.2013)	28	286	12	5	45
Sarah Springman, Member (since 27.3.2013)	65	657	27	14	106
Total	757	7,645	317	149	1,223

¹ Implenia Ltd. shares, security number 2386855, nominal value CHF 1.02

4.2 Remuneration for former company officers

No payments were made to former Members of the Board of Directors or Group Executive Board.

4.3 Allocation of shares in the year under review

In 2014, a total of 42,631 shares were allocated to Members of the Group Executive Board (prior year: 49,084).

In 2014, a total of 6260 shares were allocated to non-executive Members of the Board of Directors (prior year: 7645).

4.4 Options

Implenia Ltd has no stock-option remuneration scheme. Neither the Members of the Group Executive Board nor Members of the Board of Directors were given options.

4.5 Additional fees and severance payments

Overall additional fees and remuneration invoiced by Members of the Group Executive Board or the Board of Directors, or related persons, in the 2014 financial year amounted to CHF 0 (prior year: CHF 0).

Members of the Group Executive Board and the Board of Directors, and related persons, did not receive any fees or other payments for additional services performed for Implenia Ltd. or its group companies in the 2014 financial year.

No contractual severance payments were paid to Members of the Group Executive Board or Members of the Board of Directors.

4.6 Highest total remuneration

The Member of the Group Executive Board with the highest total remuneration is shown in the tables under 4.1.

5. Shareholdings and management loans

5.1 Shares held by Members of the Group Executive Board

As at 31 December 2014, the number of shares held by persons who served as Members of the Group Executive Board during the year under review, as well as by related persons, was 349,630, or 1.9% of the share capital (prior year: 336,225 shares or 1.8%). This figure includes any shares acquired in a private capacity. See also the Notes to Implenia's consolidated financial statements on page 276.

Group Executive Board

	Number of shares, as at		Shares blocked until		
	31.12.2014	31.12.2013	2015	2016	2017
Anton Affentranger, CEO	233,840	222,173	16,743	10,334	12,500
Beat Fellmann, CFO and Head of Corporate Center	39,000	37,000	17,500	10,000	10,000
Christof Gämperle, Business Unit Head of Construction German-speaking Switzerland	7,263	4,720	1,100	3,620	2,543
René Kotacka, Business Unit Head of Tunnelling & Civil Engineering	2,643	–	966	305	655
André Métral, Business Unit Head of Construction French-speaking Switzerland	4,882	2,545	–	2,545	2,337
Petter Vistnes, Business Unit Head of Norge	446	446	446	–	–
Stephan Wüstemann, Business Unit Head of Buildings	9,035	–	3,253	3,033	2,749
René Zahnd, Business Unit Head of Modernisation & Development	23,500	20,250	10,500	6,500	6,500
Members of the Group Executive Board who left	29,021	49,091	14,221	10,244	42
Total	349,630	336,225	64,729	46,581	37,326

5.2 Shares held by Members of the Board of Directors

As at 31 December 2014, the number of shares held by non-executive Members of the Board of Directors, as well as by related persons, totalled 37,792, or 0.2% of the share capital (prior year: 36,643 shares or 0.2%). This figure includes any shares acquired in a private capacity. See also the Notes to Implenia's consolidated financial statements on page 277.

Non-executive Board of Directors

	Number of shares, as at		Shares blocked until		
	31.12.2014	31.12.2013	2015	2016	2017
Markus Dennler, Chairman	14,547	12,773	5,282	2,290	1,774
Hans-Beat Gürtler, Vice-Chairman	5,631	4,744	2,911	1,145	887
Hubert Achermann, Member	9,536	8,649	–	859	887
Chantal Balet Emery, Member	1,435	757	–	657	678
Calvin Grieder, Member	1,335	657	–	657	678
Patrick Hünerwadel, Member	3,973	3,295	1,080	875	678
Sarah Springman, Member	1,335	657	–	657	678
Members of the Board of Directors who left	–	5,111	–	–	–
Total	37,792	36,643	9,273	7,140	6,260

5.3 Loans granted to directors and officers

No loans have been granted to any Members of the Board of Directors, or any Members of the Group Executive Board, or to related persons.

Implenia Ltd. and its group companies have not granted any collateral, loans, advances or credit facilities to the Members of the Board of Directors or the Group Executive Board, or to related persons.

6. Approval of the Remuneration Report

This Remuneration Report provides full transparency for the 2014 financial year with regard to Implenia Ltd.'s remuneration arrangements and remuneration paid to the Group Executive Board and Board of Directors. The Board of Directors will submit the Remuneration Report to the Annual General Meeting of 24 March 2015 for consultative approval.

Report of the statutory auditor on the remuneration report 2014



Report of the statutory auditor to the General Meeting on the remuneration report 2014

We have audited the accompanying remuneration report of Implenia AG for the year ended 31.12.2014. The audit was limited to the information according to articles 14–16 of the Swiss Ordinance Against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the chapters 4 and 5.3.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report of Implenia AG for the year ended 31 December 2014 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

A handwritten signature in black ink, appearing to read 'Ch. Kessler'.

Christian Kessler
Audit expert, Auditor in charge

A handwritten signature in black ink, appearing to read 'Diego J. Alvarez'.

Diego J. Alvarez
Audit expert

Zürich, 23 February 2015

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Consolidated income statements

		1.1.–31.12.2014	1.1.–31.12.2013
	Notes	CHF 1,000	CHF 1,000
Consolidated revenue	5	2,919,760	3,057,414
Materials and subcontractors	6	(1,844,562)	(1,931,004)
Personnel expenses	7	(760,317)	(800,955)
Other operating expenses	9	(170,273)	(172,087)
Depreciation and amortisation		(42,788)	(42,786)
Income from associates	21	6,644	5,033
Operating income	5	108,464	115,615
Financial expenses	10	(11,386)	(11,862)
Financial income	10	3,183	4,014
Profit before tax		100,261	107,767
Tax	11	(27,255)	(25,133)
Consolidated profit		73,006	82,634
Attributable to:			
Shareholders of Implenla Ltd.		69,231	75,215
Non-controlling interests		3,775	7,419
Earnings per share (CHF)			
Basic earnings per share	29	3.77	4.11
Diluted earnings per share	29	3.77	4.11

The accompanying notes form part of the consolidated financial statements.

Consolidated statements of comprehensive income

		1.1.–31.12.2014	1.1.–31.12.2013
	Notes	CHF 1,000	CHF 1,000
Consolidated profit		73,006	82,634
Remeasurement of post-employment benefits	26	(21,604)	34,619
Income tax on remeasurement of post-employment benefits		4,753	(7,575)
Total items that will not be reclassified to income statement		(16,851)	27,044
Fair value adjustments on financial instruments		(164)	(1,429)
Foreign exchange differences		(5,385)	(3,815)
Total items that will be reclassified to income statement		(5,549)	(5,244)
Other comprehensive income		(22,400)	21,800
Attributable to:			
Shareholders of Implenla Ltd.		(22,040)	22,378
Non-controlling interests		(360)	(578)
Total comprehensive income		50,606	104,434
Attributable to:			
Shareholders of Implenla Ltd.		47,191	97,593
Non-controlling interests		3,415	6,841

The accompanying notes form part of the consolidated financial statements.

Consolidated balance sheets

ASSETS		31.12.2014	31.12.2013
	Notes	CHF 1,000	CHF 1,000
Cash and cash equivalents	12	731,534	582,581
Marketable securities		96	111
Trade receivables	13	542,021	513,497
Work in progress	14	302,658	326,395
Joint ventures (equity method)	15.1	39,316	40,946
Other receivables	16	46,514	41,231
Raw materials and supplies	17	25,039	25,558
Real estate transactions	18	229,777	217,473
Accrued income and prepaid expenses		27,005	34,559
Total current assets		1,943,960	1,782,351
Property, plant and equipment	19	245,611	245,291
Investment property	20	16,434	16,716
Investments in associates	21	48,788	46,268
Other financial assets	22	8,897	8,833
Pension assets	26	5,698	6,184
Intangible assets	23	87,847	90,700
Deferred tax assets	27	424	31
Total non-current assets		413,699	414,023
Total assets		2,357,659	2,196,374

EQUITY AND LIABILITIES		31.12.2014	31.12.2013
	Notes	CHF 1,000	CHF 1,000
Financial liabilities	24	3,306	3,544
Trade payables		368,702	362,654
Work in progress	14	678,381	627,537
Joint ventures (equity method)	15.1	41,562	50,461
Other liabilities		75,108	80,095
Tax liabilities		42,180	37,742
Prepaid income and accrued expenses		105,391	107,789
Provisions	25	6,425	6,586
Total current liabilities		1,321,055	1,276,408
Financial liabilities	24	326,751	207,968
Other liabilities		1,900	2,191
Deferred tax liabilities	27	54,142	56,309
Pension liabilities	26	1,927	–
Provisions	25	22,095	24,810
Total non-current liabilities		406,815	291,278
Share capital	28	18,841	35,097
Treasury shares	28	(8,405)	(5,149)
Reserves		536,124	497,682
Consolidated profit attributable to shareholders		69,231	75,215
Equity attributable to shareholders		615,791	602,845
Non-controlling interests		13,998	25,843
Total equity		629,789	628,688
Total equity and liabilities		2,357,659	2,196,374

The accompanying notes form part of the consolidated financial statements.

Consolidated statements of changes in equity

	Share capital	Treasury shares	
	CHF 1,000	CHF 1,000	
Equity as at 1.1.2014	35,097	(5,149)	
Consolidated profit	–	–	
Other comprehensive income	–	–	
Total comprehensive income	–	–	
Dividends	–	–	
Par value repayment	(16,256)	102	
Change in treasury shares	–	(3,358)	
Share-based payments	–	–	
Change in non-controlling interests	–	–	
Total other changes in equity	(16,256)	(3,256)	
Total equity as at 31.12.2014	18,841	(8,405)	>
Equity as at 1.1.2013	35,097	(3,097)	
Consolidated profit	–	–	
Other comprehensive income	–	–	
Total comprehensive income	–	–	
Dividends	–	–	
Change in treasury shares	–	(2,052)	
Share-based payments	–	–	
Change in non-controlling interests	–	–	
Total other changes in equity	–	(2,052)	
Total equity as at 31.12.2013	35,097	(5,149)	>

The accompanying notes form part of the consolidated financial statements.

Reserves					
Capital reserves	Foreign exchange differences	Retained earnings	Total Equity attributable to shareholders	Non-controlling interests	Total equity
CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
90,301	(19,016)	501,613	602,845	25,843	628,688
–	–	69,231	69,231	3,775	73,006
–	(5,025)	(17,015)	(22,040)	(360)	(22,400)
–	(5,025)	52,216	47,191	3,415	50,606
(13,224)	–	–	(13,224)	(894)	(14,118)
–	–	–	(16,154)	–	(16,154)
469	–	(2,848)	(5,737)	–	(5,737)
–	–	2,848	2,848	–	2,848
–	171	(2,150)	(1,979)	(14,366)	(16,345)
(12,755)	171	(2,150)	(34,246)	(15,260)	(49,506)
77,546	(23,870)	551,679	615,791	13,998	629,789
112,873	(15,779)	400,770	529,863	19,735	549,598
–	–	75,215	75,215	7,419	82,634
–	(3,237)	25,615	22,378	(578)	21,800
–	(3,237)	100,830	97,593	6,841	104,434
(25,746)	–	–	(25,746)	(725)	(26,471)
3,174	–	(3,410)	(2,288)	–	(2,288)
–	–	3,410	3,410	–	3,410
–	–	13	13	(8)	5
(22,572)	–	13	(24,611)	(733)	(25,344)
90,301	(19,016)	501,613	602,845	25,843	628,688

Consolidated cash flow statements

		1.1.–31.12.2014	1.1.–31.12.2013
	Notes	CHF 1,000	CHF 1,000
Consolidated profit		73,006	82,634
Tax	11	27,255	25,133
Financial result	10	8,203	7,848
Depreciation and amortisation		42,788	42,786
Result from sale of non-current assets		(3,521)	(1,181)
Income and distribution from associates		(3,065)	(1,802)
Change in provisions		(2,452)	(2,316)
Change in pension assets and liabilities		(13,191)	(10,298)
Change in net working capital			
Change in trade and other receivables		(34,525)	(27,968)
Change in work in progress (net), raw materials and supplies		80,405	(117,081)
Change in real estate transactions		(12,376)	33,338
Change in trade payables and other liabilities		3,491	134,496
Change in accruals and joint ventures (equity method)		(16,114)	(12,168)
Interest paid		(8,108)	(7,513)
Interest received		2,332	1,138
Tax paid		(27,227)	(23,769)
Cash flow from operating activities		116,901	123,277
Investments in property, plant and equipment		(49,151)	(54,492)
Disposals of property, plant and equipment		8,248	7,716
Investments in other financial assets and associates		(1,078)	(2,795)
Disposals of other financial assets and associates		1,778	9,965
Investments in intangible assets		(1,157)	(3,716)
Proceeds from sale of intangible assets		–	1,542
Acquisition of subsidiaries		(8,373)	(2,572)
Cash flow from investing activities		(49,733)	(44,352)

		1.1.–31.12.2014	1.1.–31.12.2013
	Notes	CHF 1,000	CHF 1,000
Increase in financial liabilities		126,757	1,398
Repayment of financial liabilities		(7,818)	(5,111)
Change in treasury shares		(2,889)	1,123
Dividends and par value repayment		(29,378)	(25,746)
Cash flow with non-controlling interests		(894)	(1,421)
Cash flow from financing activities		85,778	(29,757)
Foreign exchange differences on cash and cash equivalents		(3,993)	(3,945)
Change in cash and cash equivalents		148,953	45,223
Cash and cash equivalents at the beginning of the period	12	582,581	537,358
Cash and cash equivalents at the end of the period	12	731,534	582,581

The accompanying notes form part of the consolidated financial statements.

Notes to the consolidated financial statements of Implenla

1 General information

Implenia Ltd. is a Swiss public limited company incorporated in Dietlikon, Zurich. The shares of Implenla Ltd. are listed on the SIX Swiss Exchange (ISIN CH002 386 8554, IMPN).

The German version of the financial report is the authoritative version. The English and French versions are non-binding translations.

Implenia's business activities are described in Notes 2.4.

The consolidated financial statements as at 31 December 2014 was approved by the Board of Directors of Implenla Ltd. on 23 February 2015, for submission to the General Meeting. In accordance with Art. 698 of the Swiss Code of Obligations, the consolidated financial statements are subject to approval by the General Meeting. The consolidated financial statements were audited by the auditor PricewaterhouseCoopers Ltd., Zurich.

Unless otherwise stated, the figures in the financial report are given in thousands of Swiss francs.

2 Summary of significant accounting policies

The consolidated financial statements of Implenla have been prepared in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB). With the exception of balance sheet items measured at fair value, the consolidated financial statements are based on historical cost.

Management estimates and judgements for the purposes of financial reporting affect the values of reported assets and liabilities, contingent liabilities and assets on the balance sheet date, and expenses and income during the reporting period. Actual values may differ from these estimates.

2.1 Changes to accounting policies

The accounting policies applied to the 2014 consolidated financial statements are identical to those applied to and described in the financial report 2013, except for the following new standards as well as amendments and interpretations to standards that were applied for the first time for the financial year starting on 1 January 2014:

- Annual improvements 2012 to 2014
- IFRIC 21 Levies
- IAS 32 Financial instruments: presentation (amendment)

The International Accounting Standards Board (IASB) published the following new standards as well as amendments and interpretations to standards that are not compulsory for the 2014 financial year. The group has not opted for early application of these standards.

- IAS 28 Investments in associates and joint ventures (revision)
- IFRS 5 Non-current assets held for sale and discontinued operations (amendment)
- IFRS 9 Financial instruments
- IFRS 10 Consolidated financial statements (amendment)
- IFRS 15 Revenue from contracts with customers

The application of the new and revised standards and interpretations does not have a material impact on these consolidated financial statements. The effect of IFRS 15 is currently being analysed.

Notes to the consolidated financial statements of Implenla

2.2 Principles of consolidation

The consolidated financial statements of the Implenla Group include the financial statements of Implenla Ltd., a company registered in Switzerland, and its subsidiaries. Subsidiaries are companies controlled by Implenla Ltd. Control is given when Implenla Ltd. is exposed to a fluctuating return on its investment in the subsidiary or has a right to this yield and can influence it through its ability to control the subsidiary. This is usually the case where Implenla Ltd. directly or indirectly controls more than 50 percent of the company's voting rights or the potential voting rights that can be exercised at any given time and thereby controls the relevant activities. Subsidiaries are consolidated from the date on which Implenla Ltd. obtains control over the company and deconsolidated from the date on which Implenla Ltd. loses control. Receivables, liabilities, transactions and unrealised gains between Group companies are completely eliminated from the consolidated accounts. Changes in ownership interests in subsidiaries that do not result in a change in control are recognised as a transaction in equity. Business combinations in which the Group assumes control over another company are accounted for using the acquisition method. The purchase price is calculated as the sum of the fair values of the assets transferred to the seller and the liabilities incurred or assumed at the time of the transaction. IFRS requires agreed adjustments in acquisition-related costs depending on future events to be recognised in the purchase price and any interests already held in an acquired business to be remeasured at fair value and recognised in the income statement. Transaction costs are recognised as an expense in the period in which they are incurred. Identifiable acquired assets, liabilities and contingent liabilities are recognised in the balance sheet at their acquisition-date fair value, irrespective of the size of any non-controlling interests. Any difference between the historical cost and the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

For joint operations, assets, liabilities, income and expenses are recognised in the consolidated statements proportionately to the share-ownership ratio. Joint operation is given if decisions about the relevant activities require the unanimous consent of the parties sharing control and if the parties have a right to the assets and an obligation for the liabilities of the joint operation. The consolidation principles for subsidiaries also apply to joint operations.

Investments in associates and joint ventures are accounted for under the equity method. Associates are companies in which Implenla holds 20 to 50 percent of the voting rights or over which Implenla can otherwise exercise significant influence. With joint ventures structured through a separate vehicle, the parties have a right to the net assets of the joint arrangement.

2.3 Changes in the scope of consolidation

There were no changes in the scope of consolidation in 2014 that have a material impact on these consolidated financial statements.

In the previous year, two companies were acquired that do not have a material impact on these consolidated financial statements, i.e. Tego Entreprenad AB, Grebbestad (Sweden) and Nordrail AS, Oslo (Norway). Both companies were assigned to the Norge segment.

	2014	2013
	CHF 1,000	CHF 1,000
Cash and cash equivalents	–	147
Trade receivables	–	762
Other current assets	–	146
Property, plant and equipment	–	2,029
Intangible assets	–	664
Other non-current assets	–	–
Trade payables	–	(167)
Current and non-current provisions	–	–
Other current liabilities	–	(505)
Other non-current liabilities	–	(357)
Fair value identifiable net assets	–	2,719
Non-controlling interests	–	–
Fair value net assets acquired – share Implenla	–	2,719
Goodwill	–	–
Purchase price consideration	–	2,719
Deferred purchase price	–	–
Purchase price paid	–	2,719
Cash and cash equivalents acquired	–	(147)
Net cash outflow	–	2,572

Notes to the consolidated financial statements of Implenla

2.4 Segment reporting

The Group's business segments are based on the organisational units, for which the Group Executive Board (GEBO) and the Group Board of Directors are presented a report. The Board of Directors takes on the role of chief operating decision maker. It receives regular internal reports in order to assess the Group's performance and resource allocation. The segment structure was revised in the financial year 2014 and Wooden Construction and Engineering were transferred from the Buildings segment to the Modernisation segment. There were also some shifts between the Buildings and Construction Switzerland segments.

The Group consists of the following segments:

Modernisation

This segment comprises conceptual and strategic advisory services as well as the planning and execution of modernisation construction projects. This includes Wooden Construction and Engineering.

Development

The segment Development comprises activities such as the planning and construction of real estate projects. This segment transforms visions and ideas into sustainable real estate projects and also provides real estate services.

Buildings

This segment comprises activities such as the planning, coordination, processing as general and total contractor and the execution of complex construction projects using traditional construction methods.

Tunnelling & Civil Engineering

This segment primarily realises complex construction projects for infrastructure facilities, including refurbishment and maintenance, as a builder and total contractor. Its core competencies include microtunnelling, underground engineering, gallery construction for power plants, railway technology, civil engineering, bridge constructing, avalanche galleries construction, foundation engineering and hydrodynamics.

Construction Switzerland

This segment is active in all areas of traditional construction. It has two sub-segments, i.e. Construction German-Speaking Switzerland and Construction French-Speaking Switzerland. This includes road construction and civil engineering projects, commercial construction, surface works and gravel processing in Switzerland and abroad.

Norge

This segment comprises tunnelling, road building and civil engineering for all companies domiciled in Norway and Sweden.

Miscellaneous / Holding

Miscellaneous/Holding contains all the costs of Implenla that cannot be allocated directly to a segment. These include group companies with no activities, holding company overheads, material investment properties, deferred taxes recognised at Group level, and pension assets and liabilities.

Certain headquarter functions are disclosed under Miscellaneous/Holding. These include procurement, finance and controlling, investor relations, business development, human resources, IT, investment management, risk management, marketing/communication, treasury, legal services, insurance, health and safety, sustainability and other technical support functions.

2.5 Related parties

These comprise joint ventures, accounted for under the equity method, associates and other related parties. Please refer to the relevant sections for information on joint ventures and associates.

Other related parties mainly comprise officers and directors of Implenla (key management personnel), their related parties and the companies at which these persons exercise a senior management function. Significant influence exists in particular where a person exercises a senior management function at another company (member of the Board of Directors or the Executive Committee) and explicitly, i.e. as part of his contractual duties, represents the interests of Implenla or acts as a representative of Implenla.

Significant influence is otherwise assumed if one or more senior managers at Implenla can use their (senior) management position at the other company to exert a direct influence on the conditions applying to actual transactions with Implenla (e.g. contractual terms, prices, etc.). This is the case, for example, if Implenla or the senior management member also has a significant equity interest in the other company or if the other company conducts significant transactions with Implenla. Other types of arrangements may also lead to significant influence being exercised. The officers and directors of Implenla comprise the members of the Board of Directors and the members of the Group Executive Board of Implenla.

2.6 Foreign currencies

The consolidated financial statements of Implenla are denominated in Swiss francs (CHF). The functional currencies of the Group companies abroad are the respective local currencies. In the subsidiaries, foreign currency transactions are measured at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing on the balance sheet date and the resulting foreign exchange differences are recognised in the income statements of the respective companies.

Notes to the consolidated financial statements of Implenla

Income, expenses and cash flows of the consolidated companies are translated to CHF at the average rate for the reporting period. Balance sheet items are translated at the closing rate. Exchange differences relating to equity positions and non-current intra group financing transactions in connection with net investments in foreign subsidiaries are recognised directly within the exchange differences in other comprehensive income. These cumulative amounts of currency gains and losses recognised in equity are reclassified to the income statement upon loss of control.

2.7 Revenue

Consolidated revenue includes all income from the different activities of Implenla. In general contracting and construction works, customer contracts are recognised in accordance with the percentage-of-completion method. Revenue, including share of profits, is recognised on the basis of the proportion of the total service to be performed that is actually performed in the reporting period. Future expected losses from contracts are taken into consideration when evaluating the value of contracts and provided for immediately. Price overruns, additional services and premiums are recognised in proportion to the stage of completion. For joint ventures accounted for using the equity method, only the service actually performed by Implenla in the joint venture and its share of the profits of the joint venture are recognised as revenue. Revenue from services is calculated on the basis of the proportion of the service actually provided to the customer up to the balance sheet date.

IFRIC 15 provides guidance for determining whether an agreement for the construction of real estate falls within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and, therefore, when revenues from construction work should be recognised. An agreement for the construction of real estate is deemed to be a construction contract falling within the scope of IAS 11 only if the buyer is able to specify the major elements of the design prior to the start of construction work and/or amend the major elements after construction work has started (irrespective of whether the buyer exercises that ability). If the purchaser has this ability, IAS 11 must be applied, otherwise IAS 18 has to be applied.

For the Development segment, revenue includes income from the sale of real estate and total contracting work, as well as temporary rental income (in expectation of the sale of the property). Income from the sale is recognised when risks and rewards are transferred, i.e. at the time title is transferred, which is normally upon entry in the official land register. Reductions in income, such as rebates or discounts directly related to the services charged, are deducted from revenue.

2.8 Pension plans

Pension arrangements are shown as defined contribution plans if the Group pays fixed contributions to a separate fund or external financial institution and has no legal or constructive obligations to make any further contributions. All other pension arrangements are treated as defined benefit plans, even if the Group's potential obligations are small or the probability of occurrence is low. Consequently, most pension arrangements in Switzerland are classified as defined benefit plans, since there are corresponding legal or constructive obligations.

Pension liabilities under defined benefit plans are calculated annually by independent actuaries using the projected unit credit method. They correspond to the present value of future expected payments arising from current and past periods of service. The plan assets are measured at fair value. The resulting net amounts are recognised in the balance sheet as pension assets or pension liabilities.

The total pension cost comprises the service cost, net interest income and remeasurement of pension liabilities. The service cost includes the current and past service cost as well as settlement and curtailment gains and losses. The net interest income is calculated by applying the discount rate to the net defined benefit liabilities at the beginning of the year and to the net assets. The service cost and net interest income form part of the personnel expenses. Actuarial gains and losses are immediately recognised in other comprehensive income as remeasurement of pension liabilities. This item also comprises the return on plan assets, diminished by gains amounts accounted for in net interest on net defined benefit/liability (asset), and any change in the effect of the asset ceiling, diminished by amounts accounted for in net interest on net defined benefit/liability (asset).

2.9 Share-based payments / Employee participation programme

The payments under share-based compensation are reported as personnel expenses. Costs in relation to shares that are not distributed until the following year are recognised fully in the year in which service is rendered. All employees benefit from an employee share participation scheme as defined in the regulations. Under this plan, employees can acquire a set number of Implenia Ltd. shares twice a year, normally in the amount of one-half of their monthly salary, at a preferential rate. The arrangements of the employee participation programme are agreed periodically by the Board of Directors.

Notes to the consolidated financial statements of Implenla

2.10 Taxes

Income taxes are recognised in the same period as the income and expenses to which they relate. Deferred taxes are recognised in accordance with the balance sheet liability method. The computation is therefore based on the temporary differences between the tax base and the carrying amount of an asset or a liability relevant for consolidation, unless the temporary difference relates to investments in Group companies where the timing of the reversal of the difference can be controlled and it is probable that this will not take place in the foreseeable future. In addition, where distributions of profits are intended, withholding taxes and other taxes on potential later distributions are not recognised, as profits are normally reinvested. Deferred tax assets and deferred tax liabilities of the Group, computed on the basis of the local tax rates expected to apply at the time of taxation, are recognised under non-current assets and non-current liabilities. Changes in deferred tax assets and deferred tax liabilities are recognised in the income statement or in the statement of comprehensive income if they relate to items that are recognised in the statement of comprehensive income. Deferred tax assets are recognised for all unused tax loss carryforwards to the extent that it is probable that these can be offset against future taxable profits.

Several Swiss cantons levy a separate tax on the sale of land and real estate from business assets that is usually deductible from the ordinary cantonal taxes on profits. The taxable gains on the sale of property are calculated in accordance with the applicable cantonal laws. The applicable tax rate on the sale of property is dependent on the length of ownership and the amount of the taxable gain on the sale of the property. The immovable property gains tax is calculated as at the date of sale.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at banks and other financial institutions. Positions are recognised as cash only if they are readily convertible to known amounts of cash, if they are not subject to a significant risk of change in value and if they have an original maturity of no more than three months. This definition of cash and cash equivalents is also applied for the purpose of the consolidated cash flow statement.

2.12 Trade receivables

Trade receivables are recognised at fair value, that is, at the amounts invoiced less allowances for estimated shortfalls in receipts, e.g. due to rebates, refunds and discounts. Allowances for doubtful receivables are computed on the basis of the difference between the recognised value of the receivable and its estimated collectible net amount. Any expected loss is charged to the income statement. When a receivable is deemed uncollectible, it is written off.

2.13 Work in progress

Customer contracts relating to construction sites are accounted for using the percentage-of-completion method. The percentage of completion is ascertained on the basis of the work completed under the respective contracts. Work in progress includes accruals for services provided but not yet invoiced, including inventories on construction sites, advance payments from customers and to suppliers for services invoiced but not yet provided, deferrals for outstanding invoices from suppliers and sub-contractors, and provisions for losses on the order backlog and work in progress. Customer contracts are reported in the balance sheet as net assets or net liabilities from work in progress.

If the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of the contract costs incurred that will probably be recoverable, while the contract costs incurred are also recognised as an expense in the same period. This is equivalent to measurement at cost of production. If it is probable that the total contract costs will exceed the total contract revenues, the expected loss is recognised immediately as an expense.

2.14 Joint ventures

Joint ventures are established to implement short-term projects with other construction companies. Work is assumed when a joint agreement has been concluded with the contractual partners. Joint ventures are organised as simple partnerships; the partnership agreements govern the relationships between the members.

Joint ventures that meet the criteria for control are fully consolidated like subsidiaries. For joint operations, assets, liabilities, income and expenses are recognised in the consolidated statements proportionately to the share-ownership ratio. Joint operation is given if decisions about the relevant activities require the unanimous consent of all the parties, or a group of parties, that collectively control the arrangement. If Implenia exercises significant influence over the joint venture, the company is accounted for under the equity method pursuant to IAS 28 (investments in associates and joint ventures). Significant influence is presumed if Implenia directly or indirectly holds 20 percent or more of the voting rights in a joint venture or if Implenia is represented on the building commission or an equivalent governing body of the joint venture. Under the equity method, on initial recognition the investment in a joint venture is recognised at cost. In the following years, the carrying amount increases or decreases in line with Implenia's share of the profit or loss of the joint venture. Liquidity

Notes to the consolidated financial statements of Implenla

contributions and disbursements increase or reduce the carrying amount without affecting profit or loss. The resulting asset or liability is recognised in the balance sheet. The receivables and payables of Implenla in respect of joint ventures are disclosed separately in the corresponding receivables and payables items. Income from joint ventures is reported within consolidated revenue as the execution of customer orders qualifies as an operating activity and because profit or loss of the joint venture excludes the results of the internal service charge. In case the joint ventures accounted for under the equity method are not applying IFRS, their results are adjusted accordingly. If there is no current financial data available when Implenla's consolidated financial statements are prepared, the net profit and Implenla's share of the profit are based on estimates by management. Any deviations between the actual results and these estimates are corrected in the consolidated financial statements for the following year.

There are no joint ventures that meet the definition of jointly controlled operations.

2.15 Investments in associates

Associates are companies over which the Group exercises significant influence but does not have control. As a rule, these are companies in which Implenla holds a stake of between 20 percent and 50 percent. These companies are accounted for under the equity method and are reported separately in the consolidated balance sheet. If the Group's associates are not applying IFRS, their results are adjusted accordingly. If there is no current financial data available when Implenla's consolidated financial statements are prepared, the net profit and Implenla's share of the profit are based on estimates by management. Any deviations between the actual results and these estimates are corrected in the consolidated financial statements for the following year. Goodwill may arise from the acquisition of an investment in an associate. The goodwill equals the difference between the cost of the investment and the fair value of the identifiable net assets. The goodwill is included in the carrying amount of investments in associates. The long-term joint ventures for the operation of facilities producing concrete and asphalt in which Implenla has interests of 20 percent and more are recognised and measured separately from other joint ventures, which are also recognised in the balance sheet, and measured as associates in accordance with IAS 28 (investments in associates and joint ventures). Income from associates is reported in a separate financial statement line item within operating income as the execution of customer orders qualifies as an operating activity.

2.16 Raw materials and supplies

Raw materials and supplies are measured at cost. The valuation of inventory and charges to material costs are stated at historical cost in accordance with the average cost principle. Inventories that can only be sold with difficulty or at lower market prices are written down. Inventories at a market price below the costs recognised by Implenia are written down if the finished product no longer covers the costs. If it is foreseeable that written-down inventories can be used again, the write-downs are reversed by increasing the value of the inventory to the lower of net realisable value or historical cost. Unsellable inventories are written off in full.

2.17 Real estate transactions

Real estate reported under this item is classified as held for sale and measured in accordance with IAS 2 Inventories. Completed properties not yet sold may temporarily generate rental income; however, they are still reported under this item as they are held for sale.

These properties are measured separately. Each property is measured at the lower of cost, including work by the company, or the net sale value. Costs include financing costs paid to third parties until the property is ready for use.

Write-downs arising from impairments determined on the basis of the above measurement principles are charged directly to this item. Sales proceeds from real estate transactions are reported as revenue. Changes to the portfolio and movements in write-downs on real estate transactions are recognised as expenses. Certain real estate transactions are conducted jointly with one or more partners.

Notes to the consolidated financial statements of Implenla

2.18 Property, plant and equipment

Property, plant and equipment are measured at cost and depreciated over their estimated useful life on a straight line basis, with the expense charged to the income statement:

– Property	25–50 years
– Plants	15–20 years
– Machinery and vehicles	6–15 years
– Furniture	5–10 years
– IT	3–5 years
– Investment property	25–50 years

Additional costs that extend the useful economic life of property, plant and equipment are capitalised separately. Pro-rated financing costs for property, plant and equipment under construction are capitalised. The value of property, plant and equipment is reviewed whenever events or changes in circumstances indicate that the carrying amount may be impaired.

2.18.1 Investment property

Land and property held for the purposes of generating rental income or whose intended use has not yet been defined are recognised separately as investment property in accordance with IAS 40. All land is classified as investment property if no intention to develop or sell the land has been indicated. Recognition and measurement are carried out in accordance with the cost model (IAS 16). Investment property is recognised at cost and depreciated on a straight line basis (in the case of real estate). If the present value of future net cash inflows is lower than the carrying amount, the asset is written down to the lower recoverable value in accordance with IAS 36. The fair value of this real estate is shown separately, and is determined in accordance with recognised methods, for example, by using the current market price of comparable real estate as a basis or by applying the discounted cash flow method.

2.18.2 Finance leases

Leased property, plant and equipment for which Implenla substantially bears all the risks and rewards associated with ownership are capitalised at the lower of the fair value of the leased property or the present value of the minimum lease payments at the inception of the lease and depreciated over the shorter of the lease term or the estimated useful life.

2.18.3 Operating leases

Leases are classified as operating leases if a substantial proportion of the risks and rewards associated with ownership are retained by the lessor. They are generally depreciated on a straight line basis over the term of the lease, with the expense charged to the income statement.

2.19 Intangible assets

2.19.1 Goodwill

Business combinations are accounted for using the purchase method as described under Note 2.2.

Goodwill is the excess of the costs of acquisition compared to the Group's interest in the fair value of the net assets acquired. The non-controlling interests are recognised in proportion to their share of the fair value of the net assets acquired. Goodwill is not amortised, but is tested for impairment at each balance sheet date instead.

When testing goodwill for impairment, the realisable value is computed on the basis of the cash generating unit to which the goodwill is allocated. Realisable value is the higher of fair value less cost to sell and value in use. If the carrying amount exceeds the realisable value, the difference is recorded as an impairment. The estimates of future discounted cash flows, the corresponding discount rates and the growth rates are largely based on management estimates and assumptions. The actual cash flows and values generated may deviate significantly from the expected future cash flows and the related amounts determined using discounting methodology.

2.19.2 Other intangible assets

Additions of licences, software, IT development costs, brands and customer relationships are recognised at cost. Intangible assets are amortised in equal instalments over their useful economic life from the initial date on which the Group can use them. The estimated useful economic life of intangible assets is regularly reviewed. All identifiable intangible assets (such as brands and customer relationships) acquired in the course of a business combination are initially recognised at fair value.

Other intangible assets are measured at cost and amortised over their estimated useful economic life on a straight line basis, with the expense charged to the income statement:

– Licences and software	3–5 years
– Brands	3–5 years
– Customer relationships	10–15 years

Notes to the consolidated financial statements of Implenla

2.20 Financial assets

Financial assets are categorised as follows: “at fair value through profit or loss”, “available for sale”, “held to maturity” and “loans and receivables”. Financial instruments classified as “at fair value through profit or loss” are either “held for trading” or are designated as such on initial recognition. “Held for trading” financial assets are acquired principally with the objective of generating a profit from short-term fluctuations in price. Financial assets are designated as “at fair value through profit or loss” if this eliminates a measurement or recognition inconsistency and results in more relevant information. Financial assets “held to maturity” are securities with a fixed maturity that Implenla has the positive intention and ability to hold until maturity. “Loans and receivables” are financial assets that are issued by Implenla or acquired from the issuer on a primary market. These are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. All other financial assets are classified as “available for sale”.

All financial assets are initially recognised at their fair value including transaction costs, with the exception of financial assets classified as “at fair value through profit or loss”, where the transaction costs are not included. All purchases and sales are recognised on the transaction date. After initial recognition, financial assets “at fair value through profit or loss” are measured at their fair value and all changes in fair value are reported in financial income or expense in the period to which they relate. After initial recognition, “held to maturity” financial assets and “loans and receivables” are measured at amortised cost using the effective interest method. After initial recognition, “available for sale” financial assets are stated at fair value and all unrealised changes are recognised in other comprehensive income, with the exception of interest which is calculated on the basis of the effective interest method, and foreign exchange fluctuations. In the event of sale, impairment or disposal of “available for sale” financial assets, cumulative gains or losses recognised in equity since the date of acquisition are reported as financial income or expense for the current reporting period.

Financial assets are tested for impairment on each balance sheet date. If there are objective indications of impairment such as insolvency, default or other major financial difficulties experienced by the issuer, an impairment is charged to the consolidated profit. Financial assets are derecognised if the contractual interests in cash flows from the assets expire or the Group transfers the right to receive the cash flows from the financial assets in a transaction where all the significant risks and rewards of ownership of the financial asset are transferred.

The value of financial assets measured at amortised cost or at cost must be reviewed in the case of an indication of impairment. An impairment trigger exists, for example, if the fair value of the assets deteriorates to the extent that it must be assumed that this decrease is permanent.

Neither assets and liabilities nor income and expenses are offset against each other if this is not required or permitted by a Standard or an Interpretation. Offsetting detracts from the ability of users to understand transactions, other events or conditions and to assess the future cash flows of a company unless it reflects the economic substance of a transaction, or other event. Measuring assets net of valuation allowances – for example, obsolescence allowances on inventories and doubtful debt allowances on receivables – is not offsetting. In accordance with IAS 18, revenue must be measured at the fair value of the consideration received or receivable, taking into account the amount of any trade discounts granted by the company. In the course of its ordinary business activities, the Implenla Group also conducts transactions that do not in themselves generate revenue but are incidental to the main revenue-generating activities. The results of such transactions are to be presented, if such presentation reflects the substance of the transaction or event, by netting any income with the related expenses arising from the same transaction:

- a) gains and losses on the disposal of non-current assets, including financial investments and operating assets, are recognised by deducting the carrying amount of the asset and related selling expenses from the proceeds on disposal; and
- b) expenditure related to a provision that is recognised in accordance with IAS 37 (provisions, contingent liabilities and contingent assets) and reimbursed under a contractual arrangement with a third party (e.g. a supplier's warranty agreement) may be netted against the related reimbursement.

In addition, gains and losses arising from a group of similar transactions, for example, foreign exchange gains or losses or gains and losses arising from financial instruments "at fair value through profit or loss" are reported on a net basis. However, these gains or losses are reported separately if they are material.

Notes to the consolidated financial statements of Implenla

2.21 Financial liabilities

Financial liabilities are initially recognised at fair value and then at amortised cost. Any difference between the net proceeds received and the net amount repayable at maturity is amortised over the term of the instrument and charged to financial income or expense.

Transaction costs paid to capital providers (generally banks) are amortised over the term of the underlying financial instrument using the amortised cost method.

2.22 Provisions

Provisions are recognised if a legal or constructive obligation exists that makes it probable that an outflow of resources will be required to settle this obligation and a reliable estimate of the amount of the obligation can be made. Restructuring provisions are made if Implenla has a detailed formal plan for restructuring that it has either already started to implement or that it has announced to those affected by it. The provisions recognised are the best estimate of the final obligation. No provisions are made for future operating losses.

Where there are a number of similar obligations, Implenla determines the probability that an outflow will be required by considering the class of obligations as a whole.

Possible obligations whose occurrence cannot be assessed on the balance sheet date or obligations whose amount cannot be reliably estimated are disclosed as contingent liabilities.

Where the effect of the time value of money is material, the present value of the expected expenditure is recognised.

2.23 Equity

Equity represents the nominal value of the issued shares of Implenla Ltd.

Treasury shares represent shares of Implenla Ltd. that have been reacquired on the market. They are deducted from equity.

The foreign exchange differences arise from the measurement of the foreign subsidiaries. If these companies should cease to fall within the scope of consolidation, the corresponding share of the foreign exchange differences will be recycled through the income statement.

Retained earnings represent the accumulated profits of the Group, most of which are freely available.

Non-controlling interests represent the interests held by third-party shareholders in the equity of subsidiaries as well as the partner shares of fully consolidated joint ventures.

Dividends and par value repayments are reported in the consolidated financial statements in the periods in which they were agreed by the General Meeting of Shareholders.

Notes to the consolidated financial statements of Implenia

3 Risk assessment

A Group-wide risk assessment, which facilitates the early identification and evaluation of risks, as well as the implementation of appropriate risk-reduction measures, is carried out every quarter and focuses mainly on project risks and financial risks. Using a bottom-up process based on risk maps for each project and unit, the results of all the individual risk and opportunity assessments are consolidated. As part of the accounting and control process, Group Risk Management reports twice a year to the Group Executive Board, the Audit Committee and the Board of Directors.

3.1 Financial risk management

The principles used for financial risk management are defined at Group level and apply to all Group entities. They include rules about holding and investing cash and cash equivalents, taking on debt, and hedging against foreign currency, price and interest rate risks. Compliance with the rules is monitored centrally on a continuous basis. Overall, the Group follows a conservative, risk-averse approach.

The Group's main financial instruments are cash and cash equivalents, trade receivables, financial and other receivables, current and non-current financial liabilities and trade payables. Trade receivables and payables are generated in the course of normal business activities. Financial liabilities are used exclusively to finance operating activities. Financial investments serve mainly to finance associates (loans).

Derivative financial instruments may only be used to hedge operating activities. Owing to the low level of foreign currency risk, derivative financial instruments are rarely used. At the balance sheet date, the Group held no derivative financial instruments (previous year: none).

The main risks for the Group resulting from financial instruments are credit risk, liquidity risk and market risk.

3.2 Credit risk

The credit risk consists mainly of the risk of default on trade receivables and cash and cash equivalents.

3.2.1 Trade receivables

Agreements with customers generally stipulate payment terms between 30 and 90 days. The creditworthiness of customers is verified prior to any contract being signed. Revenue is generated mainly through transactions with public-sector bodies and high-quality debtors (banks, insurance companies, pension funds, etc.). As a rule, no collateral is requested. However, in the case of services relating to real estate, it is legally possible to have a lien on the real estate (right of lien of tradesmen and building contractors). Notice of payments outstanding is given as part of a standardised reminder procedure. Regular reports are made monitoring the progress of receivables, particularly those that are overdue. Irrecoverable debts are negligible in relation to Group revenue.

The three largest counterparty exposures under trade receivables amount to CHF 97.8 million (previous year: CHF 72.9 million). This is equivalent to 18.0 percent of the carrying amount of all trade receivables (previous year: 14.2%).

3.2.2 Cash and cash equivalents and other financial assets

The credit risk relating to cash and cash equivalents and other financial assets resides in the non-payment of receivables due to debtor insolvency. Debtors are subject to regular creditworthiness checks by means of a review of their financial situation. In the case of cash and cash equivalents, the counterparty must also have a minimum rating (S&P, A–) or a state guarantee. A number of Swiss cantonal banks continue to benefit from a full state guarantee. This means that, in the event of the bank's insolvency, the canton (the state) – as owner of the bank – guarantees all outstanding liabilities remaining after all the assets have been realised. Creditors therefore have complete security. This rule does not apply to subordinated bonds or participation capital (a specific component of equity). Because of the state guarantee, disclosure by class of financial asset is irrelevant as the credit balances are backed either by the bank's own funds or, on a secondary basis, by the state. In the case of these exposures, the exposure per counterparty is limited to a maximum amount. Creditworthiness is monitored regularly using market-based information (e.g. CDS spreads), and appropriate measures are taken if necessary.

The three largest counterparty exposures under cash and cash equivalents amount to CHF 457.0 million (previous year: CHF 272.7 million). This is equivalent to 62.5 percent of the carrying amount of the total cash and cash equivalents (previous year: 46.8%).

The maximum credit risk corresponds to the amount of individual receivables in the event of default.

Age structure of trade receivables: see Note 13.

Notes to the consolidated financial statements of Implenla

The following table shows the receivables from the most important counterparties on the balance sheet date:

	Rating ²	Balance
		CHF 1,000
As at 31.12.2014		
Counterparty ¹		
Trade receivables		97,764
Public sector and its operations	n.a.	38,336
Public sector and its operations	n.a.	30,177
Public sector and its operations	n.a.	29,251
Cash and other financial assets		456,978
Financial institution	A	207,080
Financial institution	A–	142,940
Financial institution	AAA	106,958
As at 31.12.2013		
Counterparty ¹		
Trade receivables		72,898
Public sector and its operations	n.a.	38,002
Public sector and its operations	n.a.	17,345
Public sector and its operations	n.a.	17,551
Cash and other financial assets		272,731
Financial institution	AAA	93,339
Financial institution	AA+	93,326
Financial institution	A–	86,066

- 1 Counterparties are broken down by the following classifications:
- Financial institutions (banks, insurance companies, pension funds)
 - Public sector and its operations
 - Other

- 2 Moody's/Standard & Poor's rating

3.3 Liquidity risk

The liquidity risk derives mainly from the eventuality that liabilities cannot be honoured on the due date.

Future liquidity is forecast based on a variety of rolling planning horizons. The Group endeavours at all times to have sufficient lines of credit to cover its planned funding requirements. As at 31 December 2014, the Group had cash and cash equivalents of CHF 731.5 million (previous year: CHF 582.6 million) and unused credit lines of CHF 173.6 million (previous year: CHF 176.3 million). The Group seeks to maintain appropriate minimum liquidity (consisting of cash and cash equivalents and confirmed unused credit lines).

	Short-term		Long-term	
	0–3 mths	4–12 mths	2–5 years	over 5 years
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
As at 31.12.2014				
Trade payables and other liabilities	(443,046)	(764)	(1,900)	–
Financial liabilities	(1,901)	(1,543)	(2,401)	–
Bond issues	–	(8,281)	(210,402)	(134,648)
As at 31.12.2013				
Trade payables and other liabilities	(422,095)	(20,654)	(2,191)	–
Financial liabilities	(1,200)	(2,617)	(7,025)	(2,278)
Bond issue	–	(6,250)	(208,527)	–

Notes to the consolidated financial statements of Implenia

3.4 Market risk/interest rate risk

The Group has very few non-current interest-bearing assets. Consequently, the Group's interest rate risk results from the structure and volume of its financing. Because the Group has financed its operations with a fixed-rate bond issue and reduced its bank funding accordingly, the risk associated with changes in interest rates is minimal; the risk of fluctuations in fair value is negligible. Interest rate increases generally have no negative impact on consolidated profit. Debt is usually taken on in the functional currency of the financed entity and is therefore mainly in CHF.

The maturity structure of the interest-bearing financial instruments as at 31 December 2014 is as follows:

	Up to 1 year	2–5 years	Over 5 years	Total
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Variable rate				
Cash and cash equivalents	731,534	–	–	731,534
Loans and other financial assets	–	–	3,288	3,288
Financial liabilities	(3,220)	(2,215)	–	(5,435)
Total	728,314	(2,215)	3,288	729,387
Fixed rate				
Loans and other financial assets	–	–	5,466	5,466
Financial liabilities	–	(199,398)	(125,000)	(324,398)
Total	–	(199,398)	(119,534)	(318,932)
Overall total	728,314	(201,613)	(116,246)	410,455

Maturity structure as at 31 December 2013:

	Up to 1 year	2–5 years	Over 5 years	Total
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Variable rate				
Cash and cash equivalents	582,581	–	–	582,581
Loans and other financial assets	37	–	5,068	5,105
Financial liabilities	(3,279)	(4,807)	–	(8,086)
Total	579,339	(4,807)	5,068	579,600
Fixed rate				
Loans and other financial assets	–	50	3,868	3,918
Financial liabilities	–	(198,970)	–	(198,970)
Total	–	(198,920)	3,868	(195,052)
Overall total	579,339	(203,727)	8,936	384,548

If the interest rates on the average total assets in 2014 were 0.5 percentage points higher or lower, the pre-tax profit, provided that all other variables remained constant, would have been CHF 1.9 million (previous year: CHF 1.7 million) higher or lower. This would have been largely due to higher or lower interest income on the cash and cash equivalents.

Notes to the consolidated financial statements of Implenla

3.5 Foreign currency and other risks

The risk related to exchange rate fluctuations is not significant and mainly concerns the translation risk of net foreign currency investments made in foreign subsidiaries.

Currency risks at Implenla Group arise from the Group's international orientation, from investments in foreign subsidiaries or from the setting up of foreign operations (translation risk). There are also currency risks from future business transactions or assets and liabilities recognised in the balance sheet in currencies other than the functional currency of the company in question. Implenla Group is mainly exposed to risks from the euro and Norwegian krone.

If the Swiss franc had been 15% stronger against the euro on 31 December 2014, the consolidated profit would have been CHF 0.9 million lower (previous year: CHF 0.6 million) and equity would have been CHF 10.5 million lower (previous year: CHF 10.2 million). The same sensitivity analysis for the Norwegian krone results in a consolidated profit lowered by CHF 1.0 million (previous year: CHF 1.1 million) and equity would have been lessened by CHF 3.7 million (previous year: CHF 3.8 million).

As the Group holds only a small amount of securities, the price risk is not significant.

3.6 Defaults on financial liabilities and breaches of covenants

There were no defaults on financial liabilities during the financial year (previous year: none). As in the previous year, the financial covenants stipulated in financing agreements were kept.

3.7 Policy regarding capital structure and indebtedness

The Group targets an equity ratio of around 30 percent. As at the reporting date, the equity ratio was 26.7 percent (previous year: 28.6%).

The aim is for current assets to be financed through current debt. Non-current assets should be financed through non-current liabilities and equity. Ordinary capital expenditures are to be financed through ongoing cash flows wherever possible.

Economic capital matches the value carried in the consolidated balance sheet.

The syndicated loan has various financial covenants attached to it. The financial position and performance are monitored monthly, based on consolidated values. The latest actual figures, projections and budgets are used to monitor compliance with the financial covenants.

3.8 Fair value estimates

	Classification (level) as per IAS 39 ¹	Carrying amounts		Fair values	
		31.12.2014	31.12.2013	31.12.2014	31.12.2013
		CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Financial assets					
Cash and cash equivalents	LaR	731,534	582,581	731,534	582,581
Marketable securities	AfS (level 2)	96	111	96	111
Trade receivables	LaR	542,021	513,497	542,021	513,497
Other receivables	LaR	46,514	41,231	46,514	41,231
Unlisted participations	AfS (level 3)	6,586	6,493	6,586	6,493
Other financial assets	LaR	2,311	2,340	2,311	2,340
Total		1,329,062	1,146,253	1,329,062	1,146,253
Financial liabilities					
Current financial liabilities	OFL	3,306	3,544	3,306	3,544
Trade payables	OFL	368,702	362,654	368,702	362,654
Other current liabilities	OFL	75,108	80,095	75,108	80,095
Non-current financial liabilities	OFL	326,751	207,968	338,320	221,627
Other non-current liabilities	OFL	1,900	2,191	1,900	2,191
Total		775,767	656,452	787,336	670,111

¹ Classifications as per IAS 39:

- LaR: Loans and receivables
- AfS: Available for sale (measured at fair value)
- OFL: Other financial liabilities

Fair value estimates for non-financial items are provided in the relevant notes.

Notes to the consolidated financial statements of Implenia

Fair value hierarchy:

Level 1 – The inputs used are unadjusted listed prices on active markets for identical assets and liabilities as at the reporting date. The non-current financial liabilities include the bonds measured at amortised cost, which had a carrying amount of CHF 199.4 million on 31 December 2014 (previous year: CHF 198.9 million) and CHF 125 million. The fair value of CHF 208 million (previous year: CHF 212.6 million) and CHF 127.9 million reflect the closing prices on the SIX Swiss Exchange.

Level 2 – The measurement is based on inputs (other than the listed prices included in level 1) that are either directly or indirectly observable for the asset or liability. These inputs are mainly derived from or confirmed by observable market data on the reporting date and for the expected term of the instruments using correlations or by other means. Generally, assets found in this category are time deposits, currency and interest rate derivatives and certain investment funds. Currency and interest rate derivatives are measured using observable market data. The liabilities in this category are generally currency derivatives and equity options. Currently, securities are assigned to this fair value level. The securities amount to CHF 0.1 million (previous year: CHF 0.1 million) and mostly comprise bills of exchange.

Level 3 – The inputs are not based on observable market data. They reflect the Group's best estimate of the criteria that market participants would use to determine the price of the asset or liability on the reporting date. Allowance is made for the inherent risks in the valuation procedure and the model inputs. Assets in this category are generally securities not traded on active markets. These are usually measured with discounted cash flow calculations. The Group owns a portfolio of unlisted domestic interests. Measured at fair value, the carrying amount stood at CHF 6.6 million on 31 December 2014 (previous year: CHF 6.5 million). In the reporting year, unlisted interests for a carrying amount of CHF 0.0 million were sold (previous year: CHF 2.8 million), resulting in a gain of CHF 0.0 million (previous year: CHF 1.6 million). The annual remeasurement based on the financial statements of the individual unlisted companies led to the recognition of a loss of CHF 0.2 million (previous year: CHF 0.0 million) in comprehensive income. Additional purchases in the reporting year amount to CHF 0.3 million (previous year: CHF 0.1 million). There were no reclassifications into or out of level 3.

Losses related to receivables and liabilities in the amount of CHF 0.2 million (previous year: CHF 0.1 million) were recorded in the income statement.

The Group had no held-to-maturity financial instruments during the reporting year or the previous year.

4 Key management decisions and estimates

4.1 Management decisions used when applying accounting policies

4.1.1 Revenue recognition

The nature of the Group's business is such that many sales transactions have a complex structure. Sales agreements may comprise many elements which occur at different times. Revenue is only recognised when, in the assessment by management, the significant risks and rewards concerned have been transferred to the buyer, the Group is no longer involved in managing further business activities nor exercises de facto control over the goods sold, and the obligations have been met. Consequently, for some transactions, the payments received or the work performed are accrued in the balance sheet and taken to the income statement in future accounting periods when the contractual conditions have been met.

4.1.2 Fully consolidated companies, associates and joint ventures

The Group engages in transactions that can lead to control, joint control or significant influence over the operations or the company. These transactions include the acquisition of all or part of the share capital of other companies, the purchase of certain assets and the assumption of certain liabilities or contingent liabilities. In all these cases, management makes an assessment as to whether the Group has control, joint control or significant influence over the operations of the company. Based on this assessment, the company is either fully consolidated, proportionately consolidated or accounted for under the equity method. This assessment is based on the underlying economic substance of the transaction and not only on the contractual terms.

4.1.3 Leasing

In the case of leasing agreements, Implenía takes on the role of lessee. The treatment of leasing transactions in the consolidated financial statements is primarily dependent on whether the lease is classified as an operating lease or a finance lease. In making this assessment, management looks at both the type and the legal form of the lease and comes to a decision on whether substantially all the risks and rewards of the leased asset are transferred to the lessee. Agreements that do not take the legal form of a lease but nevertheless confer the right to use an asset are also an integral part of such assessments.

Notes to the consolidated financial statements of Implenla

4.2 Key assumptions and sources of estimation uncertainty

When preparing the consolidated financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and related disclosures. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These are used as the basis for measuring those assets and liabilities whose carrying amounts are not readily apparent from other sources. Actual values may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Changes to estimates may be necessary if the circumstances on which they were based have changed or new information or additional insights have become available. Such changes are recognised in the reporting period in which the estimate was revised.

The key assumptions about the future and the key sources of estimation uncertainty which may require material adjustments to the carrying amounts of assets and liabilities within the next twelve months are listed below.

4.2.1 Property, plant and equipment, intangible assets

The Group has property, plant and equipment for a carrying amount of CHF 245.6 million (previous year: CHF 245.3 million), goodwill with a carrying amount of CHF 83.4 million (previous year: CHF 84.7 million) and other intangibles with a carrying amount of CHF 4.4 million (previous year: CHF 6.0 million). Goodwill and intangible assets with unlimited useful life are reviewed annually for impairment. To decide whether any impairment exists, estimates are made of future cash flows expected to arise from the use of these assets and their eventual disposal. Actual cash flows may differ significantly from the future discounted cash flows based on these estimates. Factors such as changes in the planned use of buildings, machinery and equipment, technical obsolescence or sales lower than forecast may result in a shortened useful life or impairment. Changes in discount rates, gross margins and growth rates used may also result in impairments.

4.2.2 Employee benefit schemes

Group employees are members of employee benefit schemes which are treated as defined benefit plans under IAS 19. The calculation of the recognised assets and liabilities from these plans is based on statistical and actuarial calculations performed by actuaries. The present value of defined benefit liabilities in particular is heavily dependent on assumptions such as the discount rate used to calculate the present value of future pension liabilities, future salary increases and increases in employee benefits. In addition, the Group's independent actuaries use statistical data such as probability of withdrawals of members from the plan and life expectancy in their assumptions.

Implenia's assumptions may differ substantially from actual results owing to changes in market conditions and the economic environment, higher or lower withdrawal rates, longer or shorter lifespans among members and other estimated factors. These differences may affect the values of the assets and liabilities from employee benefit schemes recognised in the balance sheet in future reporting periods.

Notes to the consolidated financial statements of Implenla

5 Segment reporting

Segment reporting as submitted to the Board of Directors as at 31 December 2014:

	Modernisation	Development	Buildings
	CHF 1,000	CHF 1,000	CHF 1,000
IFRS revenue unconsolidated	219,917	141,163	1,529,295
Intragroup revenue	(73,143)	(41,229)	(158,802)
Consolidated revenue	146,774	99,934	1,370,493
Operating income	5,194	34,985	10,405
Investments in property, plant and equipment and intangible assets	4,459	491	3,600
Current assets excl. cash and cash equivalents	39,432	240,290	414,171
Non-current assets (excl. pension assets)	17,134	19,129	51,371
Less debt capital (excl. financial and pension liabilities)	(73,944)	(88,499)	(589,055)
Total invested capital	(17,378)	170,920	(123,513)

1 Including eliminations

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Tunnelling & Civil Engineering	Construction Switzerland	Norge	Total of Business Units	Miscellaneous/ Holding ¹	Total
CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
266,237	846,132	317,361	3,320,105	23,596	3,343,701
(26,327)	(100,009)	(4,123)	(403,633)	(20,308)	(423,941)
239,910	746,123	313,238	2,916,472	3,288	2,919,760
15,699	28,527	8,597	103,407	5,057	108,464
8,117	23,176	9,129	48,972	1,336	50,308
89,530	299,145	87,640	1,170,208	42,218	1,212,426
57,119	209,608	36,280	390,641	17,360	408,001
(123,514)	(311,545)	(97,872)	(1,284,429)	(111,457)	(1,395,886)
23,135	197,208	26,048	276,420	(51,879)	224,541

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Notes to the consolidated financial statements of Implenia

Segment reporting as submitted to the Board of Directors as at 31 December 2013:

	Modernisation ¹	Development	Buildings ¹	
	CHF 1,000	CHF 1,000	CHF 1,000	
IFRS revenue unconsolidated	133,181	190,867	1,655,267	
Intragroup revenue	(29,999)	(46,863)	(161,542)	
Consolidated revenue	103,182	144,004	1,493,725	
Operating income	3,660	36,543	18,313	
Investments in property, plant and equipment and intangible assets	146	1,337	2,713	>
Current assets excl. cash and cash equivalents	61,918	214,867	422,011	
Non-current assets (excl. pension assets)	12,135	19,480	50,920	
Less debt capital (excl. financial and pension liabilities)	(79,924)	(80,587)	(580,639)	
Total invested capital	(5,871)	153,760	(107,708)	>

1 Segment adjustment in the financial year 2014 led to shifts between the segments Modernisation, Buildings and Construction Switzerland. The adjustments to EBIT amount to CHF 3.0 million for Modernisation, CHF –5.3 million for Buildings and CHF 2.2 million for Construction Switzerland.

2 Including eliminations

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Tunnelling & Civil Engineering	Construction Switzerland ¹	Norge	Total of Business Units	Miscellaneous/ Holding ²	Total
CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
292,052	872,182	320,882	3,464,431	63,962	3,528,393
(45,007)	(95,556)	(17,943)	(396,910)	(74,069)	(470,979)
247,045	776,626	302,939	3,067,521	(10,107)	3,057,414
20,394	24,757	10,285	113,952	1,663	115,615
8,460	36,413	4,995	54,064	2,889	56,953
60,499	274,925	66,649	1,100,869	98,901	1,199,770
54,528	205,127	39,827	382,017	25,822	407,839
(142,350)	(270,227)	(89,945)	(1,243,672)	(112,502)	(1,356,174)
(27,323)	209,825	16,531	239,214	12,221	251,435

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Notes to the consolidated financial statements of Implenla

Reconciliation of invested capital:

	31.12.2014	31.12.2013
	CHF 1,000	CHF 1,000
Total assets	2,357,659	2,196,374
Minus cash and cash equivalents	(731,534)	(582,581)
Minus pension assets	(5,698)	(6,184)
Assets of invested capital	1,620,427	1,607,609
Total equity and liabilities	2,357,659	2,196,374
Minus equity	(629,789)	(628,688)
Minus financial liabilities	(330,057)	(211,512)
Minus pension liabilities	(1,927)	–
Liabilities of invested capital	1,395,886	1,356,174
Total invested capital	224,541	251,435

Operating income from Miscellaneous/Holding consists of:

	2014	2013
	CHF 1,000	CHF 1,000
Depreciation and amortisation	(2,780)	(2,089)
Depreciation of investment property	(93)	(89)
Income from defined benefit pension plans	13,191	10,298
Other expenses net	(5,261)	(6,457)
Total operating income Miscellaneous / Holding	5,057	1,663

Implenia Ltd. is domiciled in Switzerland. Revenues from third parties in Switzerland amounted to CHF 2,461 million (previous year: CHF 2,636 million). Revenues generated abroad came to CHF 459 million (previous year: CHF 421 million). Non-current assets located in Switzerland (excluding financial assets, pension assets and deferred tax assets) as at 31 December 2014 stood at CHF 288 million (31 December 2013: CHF 292 million). Non-current assets located abroad (excluding financial assets, pension assets and deferred tax assets) stood at CHF 62 million (31 December 2013: CHF 61 million).

6 Materials and subcontractors

	2014	2013
	CHF 1,000	CHF 1,000
Material expenses	427,276	460,519
Thirdparty services	1,417,286	1,470,485
Total	1,844,562	1,931,004

7 Personnel expenses

	2014	2013
	CHF 1,000	CHF 1,000
Wages, salaries and fees	556,993	571,649
Social security contributions	68,242	69,256
Pension expenses	27,258	31,270
Expenses for the foundation for flexible retirement	13,213	13,070
Temporary staff	67,792	86,954
Other personnel expenses	26,819	28,756
Total	760,317	800,955

Notes to the consolidated financial statements of Implenla

8 Profit sharing schemes

8.1 Staff scheme

Based on the regulations on staff profit sharing dated 15 February 2012, in each calendar year qualifying persons can aquire Implenla Ltd. shares normally in the amount of one-half of the gross monthly salary. The annual subscription right may be divided between the March and September purchase periods. For the March 2014 purchase period, the difference between the average market price of CHF 65.05 per share and the preferential price of CHF 45.55 per share was charged to the income statement; for the September 2014 purchase period, the difference between the average market price of CHF 54.25 per share and the preferential price of CHF 38.00 per share was likewise charged to the income statement.

		2014	2013
Number of shares subscribed	Number	22,305	38,592
Amount recognised in the income statement	CHF 1,000	409	557

The shares cannot be traded for a period of three years. During this time, employees are entitled to dividends and may exercise their voting rights. Upon expiry of the retention period, the shares may be freely traded by employees. The Group Executive Board and the Board of Directors are excluded from the staff scheme.

8.2 Share-based compensation for the Group Executive Board

The members of the Group Executive Board receive part of their compensation in the form of a fixed number of shares of Implenla Ltd. The amount is expensed entirely in the current financial year. The amount charged to the Group is calculated on the basis of the fair value of the shares at the time of allocation. The Group may either buy shares on the market or draw from its treasury shares.

In 2014, the shares were allocated at an average price of CHF 49.33 per share (previous year: CHF 51.66 per share).

		2014	2013
Shares definitely allocated	Number	42,631	49,084
Amount recognised in the income statement	CHF 1,000	2,103	2,536

Anton Affentranger has irrevocably waived his right to 12,500 shares from his end-of-year allocation (prior year: 6,333). This represents a waiver of CHF 0,6 million of remuneration (prior year: CHF 0,3 million).

8.3 Shares for members of the Board of Directors

Members of the Board of Directors are remunerated annually, with two-thirds of their fixed remuneration being paid in cash and one-third in shares. The average price of the shares of Implenla Ltd. in the month of April of the year of office is decisive for calculating the number of shares. The amount is expensed entirely in the current financial year. The Group may either buy shares on the market or draw from its treasury shares.

		2014	2013
Shares definitely allocated	Number	6,260	7,645
Amount recognised in the income statement	CHF 1,000	336	317

Notes to the consolidated financial statements of Implenia

9 Other operating expenses

	2014	2013
	CHF 1,000	CHF 1,000
Rental expenses	48,649	49,162
Infrastructure expenses	19,483	22,791
Maintenance and repairs	36,530	39,460
Insurance	4,075	4,634
Administration and consultants	14,018	12,865
Office and communication expenses	20,876	20,818
Taxes and fees	7,151	6,449
Marketing, advertising and other administration expenses	19,491	15,908
Total	170,273	172,087

10 Financial expenses and income

	2014	2013
	CHF 1,000	CHF 1,000
Financial expenses		
Interest expenses	990	1,745
Interest on bond issues	7,084	6,650
Bank charges	610	578
Fixed costs of financial guarantees	914	934
Other financial expenses	1,631	1,713
Currency losses	157	242
Total	11,386	11,862
Financial income		
Interest income	1,377	1,091
Income from investments	396	332
Other financial income ¹	379	1,582
Currency gains	1,031	1,009
Total	3,183	4,014
Financial result	(8,203)	(7,848)

1 Other financial income for 2013 includes the sale of an unlisted investment.

Notes to the consolidated financial statements of Implenia

11 Taxes

	2014	2013
	CHF 1,000	CHF 1,000
Profit before tax		
Switzerland	90,974	94,415
Abroad	9,287	13,352
Total profit before tax	100,261	107,767
Current and deferred tax		
Switzerland	21,560	19,062
Abroad	3,002	1,688
Total current tax	24,562	20,750
Switzerland	1,809	841
Abroad	884	3,542
Total deferred tax	2,693	4,383
Total tax	27,255	25,133

Analysis of tax rate

The following elements explain the main differences between the expected Group tax rate (the weighted average tax rate, based on the pre-tax profit of each Group company) and the effective tax rate.

	2014	2013
	%	%
Expected tax rate	23.3	21.8
Effect of non-taxable items	(0.6)	(0.6)
Effect of non-deductible items	0.1	0.1
Effect of non-capitalised tax losses incurred in the year	0.8	0.4
Effect of changes in the applicable tax rates	0.0	(0.5)
Effect of the use of non-capitalised tax loss carryforwards	(0.3)	(0.5)
Prior years' taxes	3.6	0.3
Income components with different tax rates	0.7	0.7
Other effects	(0.4)	1.6
Effective tax rate	27.2	23.3

The change in the expected tax rate relates mainly to the changed composition of the profits of the Group companies in the respective Swiss cantons and foreign countries.

Notes to the consolidated financial statements of Implenla

12 Cash and cash equivalents

	31.12.2014	31.12.2013
	CHF 1,000	CHF 1,000
Cash	331	253
Banks	731,203	582,328
Total	731,534	582,581

13 Trade receivables

	31.12.2014	31.12.2013
	CHF 1,000	CHF 1,000
Third parties	447,849	436,404
Joint ventures (equity method)	50,932	36,533
Associates	2,855	3,211
Related parties	1,280	121
Guarantee retentions	47,494	47,924
Allowance for doubtful receivables	(8,389)	(10,696)
Total	542,021	513,497

Allowance is made for receivables that are in arrears on the basis of current experience. Past experience has shown that the risk of a loss on receivables is minor. Valuation allowances are only disclosed separately for trade receivables. For all other financial instruments, value adjustments are offset directly.

Allowance for doubtful receivables:

	31.12.2014	31.12.2013
	CHF 1,000	CHF 1,000
As at 1.1.	10,696	9,576
Increase	1,017	2,825
Used	(16)	(209)
Reversed	(3,284)	(1,511)
Foreign exchange differences	(24)	15
Total as at 31.12.	8,389	10,696

In 2006/2007 Implenla built the Letzigrund Stadium in record time, so that it could be approved and used for Euro 08. Within the very tight construction schedule, the City of Zurich called for 1,392 changes and amendments to be made to the planning specifications, more than half of these in the final 12 months of the stadium's construction. This generated significant additional costs which were thoroughly documented and accounted for. From early 2006 onwards, Implenla brought the financial impact to the attention of the city authorities at regular intervals. This impact eventually totalled CHF 22.9 million.

Implenla's final bill was for CHF 119.5 million. The City of Zurich has so far paid CHF 96.6 million, so that a consideration in the amount of CHF 22.9 million is now outstanding. After numerous attempts by Implenla to reach an amicable settlement in the dispute over payment of these additional costs were rejected by the city authorities, Implenla has taken legal action to obtain full payment of the amount owed of CHF 22.9 million.

Notes to the consolidated financial statements of Implenla

	Total 31.12.2014 CHF 1,000	Due within				
		Not due CHF 1,000	1–30 days CHF 1,000	31–60 days CHF 1,000	61–90 days CHF 1,000	>90 days CHF 1,000
Third parties	447,849	253,053	59,295	21,585	12,376	101,540
Joint ventures (equity method)	50,932	31,115	617	2,930	1,959	14,311
Associates	2,855	2,142	76	–	28	609
Related parties	1,280	1,280	–	–	–	–
Sub-total	502,916	287,590	59,988	24,515	14,363	116,460
Guarantee retentions	47,494					
Allowance for doubtful receivables	(8,389)					
Total	542,021					

As at 31 December 2014, total due receivables amounted to CHF 215.3 million (previous year: CHF 212.7 million). With regard to the trade receivables that were neither impaired nor in arrears, there were no indications at the balance sheet date that the customers would not be able to meet their financial obligations.

As in the previous year, no guarantees were held at the balance sheet date.

	Total 31.12.2013	Due within				
		Not due	1–30 days	31–60 days	61–90 days	>90 days
		CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Third parties	436,404	247,007	54,912	26,572	15,240	92,673
Joint ventures (equity method)	36,533	14,680	4,606	2,767	3,020	11,460
Associates	3,211	1,776	796	146	50	443
Related parties	121	121	–	–	–	–
Sub-total	476,269	263,584	60,314	29,485	18,310	104,576
Guarantee retentions	47,924					
Allowance for doubtful receivables	(10,696)					
Total	513,497					

Notes to the consolidated financial statements of Implenia

14 Work in progress

	31.12.2014	31.12.2013
	CHF 1,000	CHF 1,000
Work in progress, assets (services provided but not yet invoiced)	395,763	461,874
Work in progress, liabilities (services invoiced but not yet provided)	(385,787)	(337,785)
Valuation adjustment on contract costs	(7,689)	(9,948)
Contract costs in relation to future services by suppliers and subcontractors	73,477	74,321
Contract costs in relation to past services by suppliers and subcontractors	(451,487)	(489,604)
Work in progress, net	(375,723)	(301,142)
of which work in progress, assets	302,658	326,395
of which work in progress, liabilities	(678,381)	(627,537)

The following is a statement of contract revenues on current projects since start of project:

	31.12.2014	31.12.2013
	CHF 1,000	CHF 1,000
Contract revenues since start of project	11,553,808	13,880,032
Contract revenues recognised in the period	2,625,794	2,702,444
Advance payments received	93,317	74,526
Guarantee retentions	47,494	47,924

15 Joint ventures

15.1 Joint ventures accounted for under the equity method

	31.12.2014	31.12.2013
	CHF 1,000	CHF 1,000
As at 1.1.	(9,515)	(6,785)
Share of results	31,996	26,900
Other changes	(24,727)	(29,630)
Amount at the end of period as at 31.12.	(2,246)	(9,515)
of which net asset	39,316	40,946
of which net liability	(41,562)	(50,461)

Carrying amount of total receivables (payables) from joint ventures accounted for under the equity method:

	31.12.2014	31.12.2013
	CHF 1,000	CHF 1,000
Joint ventures, assets	39,316	40,946
Joint ventures, liabilities	(41,562)	(50,461)
Services invoiced to joint ventures but not yet collected	50,932	36,533
Services invoiced by joint ventures but not yet paid	(2,203)	(2,196)
Total	46,483	24,822

Notes to the consolidated financial statements of Implenla

Implenia's share of the balance sheets and income statements of the joint ventures is:

	31.12.2014	31.12.2013
	CHF 1,000	CHF 1,000
Total assets	228,848	283,190
Total liabilities	(180,723)	(254,723)
Net assets	48,125	28,467

	2014	2013
	CHF 1,000	CHF 1,000
Net revenue	203,291	263,828
Expenses	(171,295)	(236,928)
Income from joint ventures	31,996	26,900

Services invoiced to joint ventures (included in Implenla's revenue) are disclosed in Note 32.

There are no joint ventures accounted for under the equity method that, on their own, are material to the consolidated financial statements. Selected joint ventures are listed in Note 38.

15.2 Proportionally recognised and fully consolidated joint ventures

The proportionately recognised and fully consolidated joint ventures have the following effect on the consolidated balance sheet and income statement:

	31.12.2014	31.12.2013
	CHF 1,000	CHF 1,000
Total assets	123,444	174,766
Total liabilities	(120,860)	(118,272)
Net assets	2,584	56,494

	2014	2013
	CHF 1,000	CHF 1,000
Revenue	124,070	122,678
Expenses	(120,476)	(106,596)
Operating income	3,594	16,082

The “non-controlling interests” in equity are reduced for completed fully consolidated joint ventures by CHF 13.1 million (previous year: CHF 0.0 million).

Selected proportionately recognised and fully consolidated joint ventures are listed in Note 38.

15.3 Joint and several liability

Unless agreed otherwise, the partners to joint ventures are jointly and severally liable for the joint venture’s debts.

Notes to the consolidated financial statements of Implenla

16 Other receivables

	31.12.2014	31.12.2013
	CHF 1,000	CHF 1,000
Withholding tax	519	555
Other taxes and duties	1,612	2,345
Social insurances	6,031	5,048
WIR cheques	650	4,337
Receivables from utilised guarantees	18,967	18,677
Other receivables	18,735	10,269
Total	46,514	41,231

The City of Zurich has called in the guarantee provided when carrying out the Letzigrund stadium project, obliging Implenla to make a payment of CHF 12 million, which is being reclaimed and is therefore shown under 'Receivables from utilised guarantees'. Implenla has taken legal action to obtain full payment of the utilised guarantees.

17 Raw materials and supplies

	31.12.2014	31.12.2013
	CHF 1,000	CHF 1,000
Raw materials and supplies	25,039	25,558
Value adjustment	–	–
Total	25,039	25,558

In 2014, the cost of raw materials and supplies taken to income in the consolidated financial statements amounted to CHF 393 million (previous year: CHF 415 million). The value adjustment for the current year is CHF 0 million (previous year: CHF 0 million). As in the previous year, no value adjustments were reversed.

18 Real estate transactions

	31.12.2014	31.12.2013
	CHF 1,000	CHF 1,000
Acquisition costs as at 1.1.	232,223	266,440
Additions	54,974	51,665
Disposals	(49,011)	(85,003)
Reclassifications	–	(937)
Foreign exchange differences	(72)	58
Cumulative acquisition costs as at 31.12.	238,114	232,223
Cumulative value adjustments as at 1.1.	(14,750)	(14,750)
Additions	–	–
Disposals	6,413	–
Cumulative value adjustments as at 31.12.	(8,337)	(14,750)
Net carrying amount	229,777	217,473

The gain on sale of real estate during the reporting period is as follows:

	2014	2013
	CHF 1,000	CHF 1,000
Sale proceeds	84,383	125,285
Carrying amount of assets sold	(42,598)	(85,003)
Gain on real estate¹	41,785	40,282

1 Excluding other expenses and income of the segment Development.

Notes to the consolidated financial statements of Implenia

19 Property, plant and equipment

	Business premises	Production facilities	Machinery, furniture, IT	Assets under construction	Total
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
31.12.2014					
Acquisition costs as at 1.1.2014	125,722	52,194	278,830	8,150	464,896
Additions	4,427	3,319	37,530	3,875	49,151
Disposals	(2,835)	(322)	(19,457)	–	(22,614)
Reclassifications	1,547	(170)	(8,724)	(1,447)	(8,794)
Foreign exchange differences	(68)	(119)	(3,964)	(19)	(4,170)
Cumulative acquisition costs as at 31.12.2014	128,793	54,902	284,215	10,559	478,469
Cumulative amortisations as at 1.1.2014	(47,961)	(32,788)	(138,856)	–	(219,605)
Additions	(3,866)	(2,785)	(33,517)	–	(40,168)
Disposals	1,139	322	14,665	–	16,126
Reclassifications	(100)	170	8,724	–	8,794
Foreign exchange differences	35	71	1,889	–	1,995
Cumulative depreciations as at 31.12.2014	(50,753)	(35,010)	(147,095)	–	(232,858)
Net carrying amount as at 31.12.2014	78,040	19,892	137,120	10,559	245,611
of which finance leases	–	–	4,314	–	4,314
of which pledged	4,745	–	–	–	4,745

	Business premises	Production facilities	Machinery, furniture, IT	Assets under construction	Total
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
31.12.2013					
Acquisition costs as at 1.1.2013	125,490	46,727	280,650	8,504	461,371
Additions	425	3,747	42,629	7,263	54,064
Disposals	(1,782)	(1,894)	(43,258)	(2,689)	(49,623)
Reclassifications	1,631	3,532	605	(4,831)	937
Change in scope of consolidation	–	–	2,029	–	2,029
Foreign exchange differences	(42)	82	(3,825)	(97)	(3,882)
Cumulative acquisition costs as at 31.12.2013	125,722	52,194	278,830	8,150	464,896
Cumulative amortisations as at 1.1.2013	(44,948)	(32,238)	(146,533)	–	(223,719)
Additions	(4,410)	(2,803)	(33,164)	–	(40,377)
Disposals	1,403	1,771	40,123	–	43,297
Reclassifications	–	558	(558)	–	–
Foreign exchange differences	(6)	(76)	1,276	–	1,194
Cumulative depreciations as at 31.12.2013	(47,961)	(32,788)	(138,856)	–	(219,605)
Net carrying amount as at 31.12.2013	77,761	19,406	139,974	8,150	245,291
of which finance leases	–	–	7,790	–	7,790
of which pledged	4,745	–	–	–	4,745

Notes to the consolidated financial statements of Implenia

Finance leases, where the Group is lessee:

	Future minimum lease payment		Net present value of minimum lease payment	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Less than 1 year	2,125	3,256	1,983	2,983
Between 2 and 5 years	2,315	5,016	2,215	4,738
Total	4,440	8,272	4,198	7,721

Operating leases, where the Group is lessee:

	Future minimum lease payment	
	31.12.2014	31.12.2013
	CHF 1,000	CHF 1,000
Less than 1 year	24,140	23,281
Between 2 and 5 years	58,946	42,267
Over 5 years	18,418	9,709
Total	101,504	75,257

The subsidiaries have entered into numerous operating leases, mainly for the short-term rental of construction machinery and real estate. The expense for operating leases (including the property-related expenses) was CHF 48.6 million (previous year: CHF 49.1 million).

20 Investment property

	31.12.2014	31.12.2013
	CHF 1,000	CHF 1,000
Acquisition costs as at 1.1.	32,681	32,177
Additions	–	435
Disposals	–	(197)
Reclassifications	(5,702)	–
Foreign exchange differences	(336)	266
Cumulative acquisition costs as at 31.12.	26,643	32,681
Cumulative depreciations as at 1.1.	(15,965)	(15,760)
Additions	(93)	(89)
Disposals	–	–
Reclassifications	5,702	–
Foreign exchange differences	147	(116)
Cumulative depreciations as at 31.12.	(10,209)	(15,965)
Net carrying amount	16,434	16,716

Investment property includes real estate and agricultural land. The agricultural land is recognised in the balance sheet with a net carrying amount of CHF 4.1 million (previous year: CHF 4.1 million). The real estate measured in accordance with the cost model has been assigned to fair value level 3, while the agricultural land has been assigned to fair value level 2. The fair value of the real estate is determined in accordance with the discounted cash flow method. The most probable incoming and outgoing payments for rent are discounted using a risk-adjusted interest rate that also takes into account the highest and best use of the real estate. The fair value of the agricultural land is checked and adjusted if any of the market factors that were used have changed materially (such as land prices). The current valuations show that the fair value of investment property differs only marginally from the carrying amount.

Notes to the consolidated financial statements of Implenia

21 Investments in associates

	31.12.2014	31.12.2013
	CHF 1,000	CHF 1,000
As at 1.1.	46,268	48,966
Additions	761	2,053
Disposals	(1,298)	(6,560)
Share of results	6,644	5,033
Dividends received	(3,579)	(3,231)
Foreign exchange differences	(8)	7
Total as at 31.12.	48,788	46,268

There are no investments in associates that on their own are material to the consolidated financial statements.

Selected associates are listed in Note 37.

22 Other financial assets

	31.12.2014	31.12.2013
	CHF 1,000	CHF 1,000
As at 1.1.	8,833	11,629
Additions	300	346
Disposals	(72)	(3,127)
Fair value adjustment	(164)	(15)
Total as at 31.12.	8,897	8,833

Breakdown

Unlisted participations	6,586	6,493
Loans	2,293	2,321
Other financial assets	18	19
Total	8,897	8,833

23 Intangible assets

	Licences and software/IT	Brands	Customer relationships and order book	Goodwill	Total
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
31.12.2014					
Acquisition costs as at 1.1.2014	14,413	1,883	17,712	84,733	118,741
Additions	1,157	–	–	–	1,157
Disposals	–	–	–	–	–
Reclassifications	414	–	–	–	414
Foreign exchange differences	–	–	(528)	(1,356)	(1,884)
Cumulative acquisition costs as at 31.12.2014	15,984	1,883	17,184	83,377	118,428
Cumulative amortisations as at 1.1.2014	(9,735)	(1,883)	(16,423)	–	(28,041)
Additions	(2,078)	–	(449)	–	(2,527)
Disposals	–	–	–	–	–
Reclassifications	(414)	–	–	–	(414)
Foreign exchange differences	–	–	401	–	401
Cumulative amortisations as at 31.12.2014	(12,227)	(1,883)	(16,471)	–	(30,581)
Net carrying amount as at 31.12.2014	3,757	–	713	83,377	87,847
of which with unlimited useful life	–	–	–	83,377	83,377
Residual life (years)	2	–	2	n.a.	–

Notes to the consolidated financial statements of Implenia

	Licences and software/IT	Brands	Customer relationship and order book	Goodwill	Total
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
31.12.2013					
Acquisition costs as at 1.1.2013	13,021	2,881	19,046	86,682	121,630
Additions	1,809	–	1,080	–	2,889
Disposals	(417)	(998)	(2,349)	–	(3,764)
Change in scope of consolidation	–	–	664	–	664
Foreign exchange differences	–	–	(729)	(1,949)	(2,678)
Cumulative acquisition costs as at 31.12.2013	14,413	1,883	17,712	84,733	118,741
Cumulative amortisations as at 1.1.2013	(8,721)	(2,881)	(17,838)	–	(29,440)
Additions	(1,431)	–	(889)	–	(2,320)
Disposals	417	998	1,783	–	3,198
Foreign exchange differences	–	–	521	–	521
Cumulative amortisations as at 31.12.2013	(9,735)	(1,883)	(16,423)	–	(28,041)
Net carrying amount as at 31.12.2013	4,678	–	1,289	84,733	90,700
of which with unlimited useful life	–	–	–	84,733	84,733
Residual life (years)	5	–	2	n.a.	–

Goodwill is allocated to the Group's relevant cash generating units (CGUs).

The recoverable amount of a CGU is determined by calculating its value in use by means of the discounted cash flow method. This calculation is based on the 2015 budget and the projected cash flows derived from the 2015 to 2017 business plan approved by management. Subsequent years' cash flows are estimated based on the growth rates shown below.

Goodwill is distributed between the CGUs as follows:

	31.12.2014	Change	31.12.2013
	CHF 1,000	CHF 1,000	CHF 1,000
Modernisation	10,295	10,295	–
Tunnelling & Civil Engineering	18,791	–	18,791
Buildings	33,478	(10,295)	43,773
Norge	14,252	(1,356)	15,608
Construction Switzerland	6,561	–	6,561
Total	83,377	(1,356)	84,733

The segment reorganisation carried out in the financial year 2014 led to a shift in goodwill between the Buildings and Modernisation business units. The change for the Norge segment is explained by foreign currency translation differences.

Notes to the consolidated financial statements of Implenia

Assumptions for the calculation of value in use:

	Modernisation	Tunnelling & Civil Engineering	Buildings	Norge	Construction Switzerland
	%	%	%	%	%
Gross margin	7.8	7.9	4.9	8.6	5.3
Discount rate, pre-tax	9.4	9.4	9.4	10.0	7.5
Post-business plan growth rate	2.5	1.0	1.0	2.5	1.0

Management has defined the budgeted gross margin based on historical trends and expectations of future market development. The weighted average growth rates are in line with those for the construction industry in Switzerland, and for the Norge Segment with those for the construction industry in Norway. Discount rates are pre-tax and reflect the specific risks faced by the segments concerned.

In addition, the goodwill positions were verified by sensitivity analysis. The carrying amounts of the goodwill items are also covered in case of lower growth or a higher discount rate.

The impairment tests for goodwill did not lead to any need for impairment.

24 Current and non-current financial liabilities

	31.12.2014	31.12.2013
	CHF 1,000	CHF 1,000
As at 1.1.	211,512	215,964
Additions	126,757	1,398
Disposals	(7,818)	(5,111)
Change in scope of consolidation	–	357
Foreign exchange differences	(394)	(1,096)
Total as at 31.12.	330,057	211,512

Breakdown

Bond issues	324,369	198,941
Liabilities to banks and other financial institutions	1,320	283
Finance lease liabilities	4,198	7,721
Other financial liabilities	170	4,567
Total	330,057	211,512

Maturity

Less than 1 year	3,306	3,544
Between 2 and 5 years	201,723	205,690
Over 5 years	125,028	2,278
Total	330,057	211,512

Implenia has a cash credit line of CHF 150 million and a guarantee limit of CHF 350 million under a syndicated loan agreement which will expire on 30 June 2017. To secure the refinancing of the bond issue on maturity (May 2016), Implenia has the right to increase the cash credit line by CHF 100 million to CHF 250 million against the guarantee limit.

Implenia also has bilateral loan agreements with various banks for the amount of CHF 31 million (previous year: CHF 35 million).

The non-current financial liabilities include two bonds:

- CHF 200 million Payment under subscription 12 May 2010, interest rate 3.125%, term 2010–2016, issue price 100.269%, ISIN CH011 219 3518, effective interest rate 3.356%
- CHF 125 million Payment under subscription 15 October 2014, interest rate 1.625%, term 2014–2024, issue price 101.063%, ISIN CH025 359 2767, effective interest rate 1.624%

Notes to the consolidated financial statements of Implenia

25 Current and non-current provisions

	Service guarantees	Litigation	Restoration and remediation	Others	Total
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
31.12.2014					
As at 1.1.2014	3,545	3,812	20,225	3,814	31,396
Increase	80	–	261	391	732
Used	–	(297)	(509)	(281)	(1,087)
Reversed	(13)	–	–	(2,357)	(2,370)
Foreign exchange differences	(30)	(99)	–	(22)	(151)
Total as at 31.12.2014	3,582	3,416	19,977	1,545	28,520
of which current	80	1,060	5,131	154	6,425
31.12.2013					
As at 1.1.2013	4,023	4,026	18,513	7,289	33,851
Increase	70	1,580	140	1,517	3,307
Used	(71)	–	(12)	(1,349)	(1,432)
Reversed	(438)	–	(85)	(3,667)	(4,190)
Reclassifications	–	(1,669)	1,669	–	–
Foreign exchange differences	(39)	(125)	–	24	(140)
Total as at 31.12.2013	3,545	3,812	20,225	3,814	31,396
of which current	–	1,455	5,131	–	6,586

Service guarantees concern completed projects. Related costs tend to be payable within two to five years.

The provisions for litigations mainly relate to inactive companies.

The provisions for restoration and the rehabilitation of contaminated sites primarily relate to future real estate restoration costs.

26 Pension plans

Legal framework and accountability

In Switzerland, Implenia insures its employees against the financial consequences of old age, disability and death with the independent Implenia Pension Fund. It also manages a Welfare Fund (employer-funded foundation). The board of trustees of the Implenia Pension Fund consists of an equal number of employer and employee representatives. Under IAS 19, the Pension Fund is classified as a defined benefit pension plan. The employer and employee contributions are defined as a percentage of the pensionable salary. The retirement pension is derived from the accrued retirement assets at the time of retirement, multiplied by the conversion rates pursuant to the regulations. Employees can also withdraw their retirement benefits as a one-off lump sum. Disability and surviving spouse's pensions are defined as a percentage of the projected retirement pension from the Implenia Pension Fund. The assets are managed by the Implenia Pension Fund itself.

Risks for employer and pension fund

The Implenia Pension Fund can change its financing system (contributions and future benefits). If the Pension Fund is underfunded and other measures do not achieve the desired purpose, the foundation can levy restructuring contributions from the employer.

The Implenia Pension Fund bears its own actuarial and investment risks. The board of trustees as the Pension Fund's governing body is responsible for the investment of the assets. The investment strategy has been defined to ensure that all benefits can be paid when they fall due.

Notes to the consolidated financial statements of Implenia

Information on defined benefit pension plan:

	Defined benefit obligations	Market value of plan assets	Adjustment to asset ceiling	Pension asset / (Pension liabilities)
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
As at 1.1.2014	(1,226,122)	1,292,740	(60,434)	6,184
Current service cost	(23,220)	–	–	(23,220)
Past service (cost)/gain	–	–	–	–
(Interest expense)/Interest income	(26,327)	28,006	(1,330)	349
Administration cost (excl. cost for managing plan assets)	(613)	–	–	(613)
Expenses recognised in the income statement	(50,160)	28,006	(1,330)	(23,484)
Return on plan assets (excl. interest income)	–	51,563	–	51,563
Gain/(loss) arising from changes in financial assumptions	(122,117)	–	–	(122,117)
Gain/(loss) arising from changes in demographical assumptions	–	–	–	–
Gain/(loss) arising from experience adjustments	(12,814)	–	–	(12,814)
Change in effect of asset ceiling	–	–	61,764	61,764
Expenses recognised in other comprehensive income	(134,931)	51,563	61,764	(21,604)
Employer contributions	–	42,675	–	42,675
Employee contributions	(31,685)	31,685	–	–
Benefits deposited/(paid)	113,772	(113,772)	–	–
Change in scope of consolidation	–	–	–	–
Contributions and other effects	82,087	(39,412)	–	42,675
As at 31.12.2014	(1,329,126)	1,332,897	–	3,771

	Defined benefit obligations	Market value of plan assets	Adjustment to asset ceiling	Pension asset / (Pension liabilities)
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
As at 1.1.2013	(1,279,027)	1,240,294	–	(38,733)
Current service cost	(26,765)	–	–	(26,765)
Past service (cost)/gain	(178)	–	–	(178)
(Interest expense)/Interest income	(25,293)	24,636	–	(657)
Administration cost (excl. cost for managing plan assets)	(631)	–	–	(631)
Expenses recognised in the income statement	(52,867)	24,636	–	(28,231)
Return on plan assets (excl. interest income)	–	44,852	–	44,852
Gain/(loss) arising from changes in financial assumptions	20,478	–	–	20,478
Gain/(loss) arising from changes in demographical assumptions	8,173	–	–	8,173
Gain/(loss) arising from experience adjustments	21,550	–	–	21,550
Change in effect of asset ceiling	–	–	(60,434)	(60,434)
Expenses recognised in other comprehensive income	50,201	44,852	(60,434)	34,619
Employer contributions	–	38,529	–	38,529
Employee contributions	(32,098)	32,098	–	–
Benefits deposited/(paid)	87,669	(87,669)	–	–
Change in scope of consolidation	–	–	–	–
Contributions and other effects	55,571	(17,042)	–	38,529
As at 31.12.2013	(1,226,122)	1,292,740	(60,434)	6,184

Notes to the consolidated financial statements of Implenla

The return on plan assets for the financial year 2014 was CHF 79.6 million (previous year: CHF 69.5 million). The employer contributions in 2015 are estimated at CHF 36.8 million (previous year: CHF 37.3 million). The weighted average duration of the obligation is 12.7 years (previous year: 11.3 years).

The plan assets are comprised as follows:

	31.12.2014		31.12.2013	
	CHF 1,000	%	CHF 1,000	%
Quoted				
Cash and cash equivalents	74,371	5.6	65,344	5.1
Equity instruments	514	0.0	515	0.0
Debt instruments	596,371	44.8	579,543	44.8
Real estate	9,697	0.7	4,266	0.3
Investment funds	392,993	29.5	417,429	32.3
Other	31,125	2.3	–	0.0
Unquoted				
Cash and cash equivalents	2,335	0.2	2,657	0.2
Debt instruments	6,359	0.5	11,454	0.9
Real estate	210,730	15.8	202,908	15.7
Other	8,402	0.6	8,624	0.7
Total	1,332,897	100.0	1,292,740	100.0
of which debt instruments of Implenla Ltd.	4,957	0.4	9,812	0.8
of which real estate used by Implenla	31,840	2.4	31,536	2.4

Sensitivities for the key actuarial assumptions:

	31.12.2014	31.12.2013
Actuarial assumptions		
Discount rate	1.40%	2.20%
Expected salary increase	1.25%	1.25%
Future pension increase	0.00%	0.00%
Mortality table	BVG 2010	BVG 2010

The following sensitivity analyses were prepared for the key assumptions underlying the obligation calculations. The discount factor and assumption regarding the expected salary increase were increased/reduced by a fixed percentage. The mortality sensitivity was calculated by reducing/increasing mortality by an all-in factor, so that life expectancy was increased/reduced by around one year for most age brackets.

If the estimated discount factor is increased or reduced by 0.25 percentage points, the defined benefit obligation would be 3.1 percent less (previous year: 2.8% less) or 3.3 percent higher (previous year: 2.9% higher). If the expected salary increase is raised/reduced by 0.25 percentage points, the defined benefit obligation would change by 0.3 percent (previous year: 0.3%). If life expectancy were increased/reduced by one year, the defined benefit obligation would change by 2.5 percent (previous year: 2.3%).

The Foundation for Flexible Retirement (FAR)

Implenia's industrial staff covered by the collective employment agreement may voluntarily take early retirement from the age of 60. Bridging benefits are paid between the date of early retirement and normal retirement age by the Foundation for Flexible Retirement in the Construction Industry (FAR), which was established especially for this purpose. FAR, which was created by the SIB and SYNA trade unions and also the Société Suisse des Entrepreneurs, is funded by contributions from employers and employees. FAR benefits are funded through a pay-as-you-go system, so do not qualify for treatment as a defined benefit plan under IAS 19. Consequently, FAR is treated as a multi-employer defined contribution scheme.

FAR prepares its accounts in accordance with Swiss pension legislation. On this basis, as at 30 June 2014, FAR had a funding ratio of 114.8 percent (June 2013: 116.5%). Implenia does not anticipate any payment obligations beyond the contributions initially planned. In 2014, Implenia paid FAR contributions of CHF 10.7 million (previous year: CHF 10.9 million).

Notes to the consolidated financial statements of Implenia

27 Deferred tax assets and liabilities

	Receivables and work in progress	Raw materials and supplies and real estate transactions	Property, plant and equipment	
	CHF 1,000	CHF 1,000	CHF 1,000	
31.12.2014				
Deferred tax assets as at 1.1.2014	–	–	–	
Deferred tax liabilities as at 1.1.2014	(21,315)	(11,413)	(6,920)	
Net deferred tax as at 1.1.2014	(21,315)	(11,413)	(6,920)	
Credited/(debited) to the income statement	(733)	2,447	(123)	
Credited/(debited) directly to other comprehensive income	–	–	–	
Foreign exchange differences	150	–	–	
Net deferred tax as at 31.12.2014	(21,898)	(8,966)	(7,043)	
Deferred tax assets as at 31.12.2014	–	–	–	
Deferred tax liabilities as at 31.12.2014	(21,898)	(8,966)	(7,043)	>

	Receivables and work in progress	Raw materials and supplies and real estate transactions	Property, plant and equipment	
	CHF 1,000	CHF 1,000	CHF 1,000	
31.12.2013				
Deferred tax assets as at 1.1.2013	–	–	–	
Deferred tax liabilities as at 1.1.2013	(15,598)	(11,184)	(6,240)	
Net deferred tax as at 1.1.2013	(15,598)	(11,184)	(6,240)	
Credited/(debited) to the income statement	(5,867)	(229)	(680)	
Credited/(debited) directly to other comprehensive income	–	–	–	
Foreign exchange differences	150	–	–	
Net deferred tax as at 31.12.2013	(21,315)	(11,413)	(6,920)	
Deferred tax assets as at 31.12.2013	–	–	–	
Deferred tax liabilities as at 31.12.2013	(21,315)	(11,413)	(6,920)	>

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Intangible assets	Pension	Provisions	Other items	Tax loss carryforwards	Total
CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
–	–	–	31	–	31
(54)	(1,363)	(12,295)	(9,363)	6,413	(56,309)
(54)	(1,363)	(12,295)	(9,332)	6,413	(56,279)
9	(4,222)	(1,931)	4,480	(2,620)	(2,693)
–	4,753	–	–	–	4,753
–	–	98	30	223	501
(45)	(832)	(14,128)	(4,822)	4,016	(53,718)
–	424	–	–	–	424
(45)	(1,256)	(14,128)	(4,822)	4,016	(54,142)

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Intangible assets	Pension	Provisions	Other items	Tax loss carryforwards	Total
CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
–	8,223	–	–	195	8,418
(218)	242	(14,448)	(8,333)	2,555	(53,224)
(218)	8,465	(14,448)	(8,333)	2,750	(44,806)
164	(2,253)	2,068	(999)	3,416	(4,380)
–	(7,575)	–	–	–	(7,575)
–	–	85	–	247	482
(54)	(1,363)	(12,295)	(9,332)	6,413	(56,279)
–	–	–	31	–	31
(54)	(1,363)	(12,295)	(9,363)	6,413	(56,309)

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Notes to the consolidated financial statements of Implenia

Temporary differences for which no deferred taxes have been recognised:

	31.12.2014	31.12.2013
	CHF 1,000	CHF 1,000
Investments	232,251	272,200
Goodwill	83,377	84,733

Unused tax loss carryforwards by maturity:

	Not capitalised	Capitalised	Total	Not capitalised	Capitalised	Total
			31.12.2014			31.12.2013
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
1 year	–	–	–	–	–	–
2 years	–	–	–	–	–	–
3 years	–	–	–	–	–	–
4 years	–	–	–	–	–	–
5 years	–	–	–	–	–	–
More than 5 years	122,282	14,872	137,154	121,966	22,759	144,725
Total	122,282	14,872	137,154	121,966	22,759	144,725

Tax loss carryforwards are capitalised when it is likely that taxable profits will be earned in future. The non-capitalised tax loss carryforwards mainly affect subsidiaries outside Switzerland which no longer carry out any operational activities.

28 Equity

28.1 Changes in equity

The 2014 General Meeting approved a tax-exempt distribution of reserves from capital contributions of CHF 0.72 per share as well as a par value repayment of CHF 0.88 per share, resulting in a total payment of CHF 29.4 million (previous year: distribution of reserves from capital contributions of CHF 1.40 per share). The capital available for the distribution of reserves from capital contributions is equal to the reserves from capital contributions of Implenla Ltd., Dietlikon. The distribution of reserves from capital contributions made was determined in accordance with the provisions of the Swiss Code of Obligations.

28.2 Sale and use of treasury shares

In total, 91,835 shares with a carrying amount of CHF 5.0 million (previous year: 335,982 shares with a carrying amount of CHF 15.1 million) were sold or used for profit sharing schemes during the course of 2014. The resulting gain of CHF 0.5 million (previous year: CHF 3.2 million) was taken directly to capital reserves.

28.3 Outstanding shares

	31.12.2012	Changes 2013	31.12.2013	Changes 2014	31.12.2014
	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
Total shares of Implenla Ltd.	18,472,000	–	18,472,000	–	18,472,000
Unreserved treasury shares	100,046	2,270	102,316	52,985	155,301
Total shares outstanding	18,371,954	(2,270)	18,369,684	(52,985)	18,316,699

All shares are subscribed and fully paid up. As at 31 December 2014, all shares have voting rights and quality for dividends, with the exception of 155,301 treasury shares (previous year: 102,316 treasury shares).

Notes to the consolidated financial statements of Implenla

	31.12.2012	Changes 2013	31.12.2013	Changes 2014	31.12.2014
	Par value of shares CHF 1,000	Par value of shares CHF 1,000	Par value of shares CHF 1,000	Par value of shares CHF 1,000	Par value of shares CHF 1,000
Share capital	35,097	–	35,097	(16,256)	18,841
Treasury shares	(190)	(5)	(195)	37	(158)
Total share capital outstanding	34,907	(5)	34,902	(16,219)	18,683

The par value of a share is CHF 1.02 (previous year: CHF 1.90).

29 Earnings per share

	2014	2013
Data for calculating earnings per share:		
Consolidated profit attributable to shareholders of Implenla Ltd. in CHF 1,000	69,231	75,215
Number of shares outstanding	18,316,699	18,369,684
Weighted average number of shares outstanding	18,345,437	18,294,528
Basic earnings per share in CHF	3.77	4.11
Diluted earnings per share in CHF	3.77	4.11

Undiluted earnings per share (EPS) are calculated by dividing the net income attributable to shareholders of Implenla Ltd. by the weighted average number of shares outstanding during the period. The average number of treasury shares held and acquired by the Group is deducted from the number of shares outstanding.

30 Distribution from reserves from capital contributions/par value repayment

A tax-exempt distribution of reserves from capital contributions of CHF 0.72 per share plus a par value repayment of CHF 0.88 per share was made for the 2013 financial year. For the 2014 financial year, the Board of Directors will propose a dividend of CHF 1.80 per share to the General Meeting to be held on 24 March 2015. The balance sheet presented as at 31 December 2014 does not reflect the proposed distribution for 2014.

31 Contingent liabilities

	31.12.2014	31.12.2013
	CHFm	CHFm
As at 1.1.	124.7	158.0
Change	(21.8)	(33.3)
Total as at 31.12.	102.9	124.7

Implenia's contingent liabilities primarily relate to outstanding guarantees (tender guarantees, warranties and performance bonds) for ongoing projects for own account, projects in joint ventures and tax disputes/litigation.

Contractual investment obligations:

	31.12.2014	31.12.2013
	CHFm	CHFm
Real estate transactions	40.6	42.0
Property, plant and equipment	2.3	0.8
Total	42.9	42.8

Together with many other construction companies in the regional market for road construction and civil engineering in the cantons of Grisons and St. Gallen, Implenia is currently involved in investigations by the Swiss Competition Commission (see media releases of 15 November 2012 for Grisons and 16 April 2013 for St. Gallen). Implenia is cooperating with the Competition Commission's investigation, which has not yet been completed. As management felt that it was impossible to make a reliable estimate of the outcome or amount of any penalties when the balance sheet was drawn up, no provisions were raised.

Notes to the consolidated financial statements of Implenla

32 Related party disclosures

Shareholders holding more than 3 percent of the share capital as at 31 December:

	31.12.2014	31.12.2013
	%	%
Parmino Holding AG/Max Rössler	16.1	16.0
Chase Nominees Ltd.	6.4	9.9
Rudolf Maag	5.4	5.4
Vontobel Fund Services Ltd.	3.4	3.4

The following transactions took place between the Group and associates/joint ventures accounted for under the equity method/staff pension plans and other related parties:

	2014	2013
	CHF 1,000	CHF 1,000

Sales to related parties

Joint ventures (equity method)	71,315	117,518
Associates	18,368	17,389
Other related parties ¹	7,244	1,708

Purchases from related parties

Joint ventures (equity method)	8,180	11,830
Associates	35,455	44,818
Other related parties	3,537	6,364

1 Including condominiums bought by members of the Group Executive Board from Implenla at market value.

	31.12.2014	31.12.2013
	CHF 1,000	CHF 1,000
Receivables from related parties		
Joint ventures (equity method)	50,932	36,533
Associates	2,855	3,211
Other related parties	1,280	121
Payables to related parties		
Joint ventures (equity method)	2,203	2,196
Associates	9,036	9,918
Other related parties	234	442

Key persons

Members of the Board of Directors of Implenla Ltd. receive annual compensation for their activities according to their function. The Group pays social security contributions on these compensations.

Members of the Group Executive Board of Implenla Ltd. receive compensation comprising a fixed annual salary, variable compensation and reimbursement of expenses. The Group pays social security contributions on these compensations as well as pension fund contributions.

The following table shows the recognised expenses for the compensation to the key management during the period under review since their appointment to the current function.

	2014	2013
	CHF 1,000	CHF 1,000
Short-term benefits	7,212	7,231
Post-employment benefits	695	653
Share-based payments ¹	2,439	2,853
Total	10,346	10,737

¹ Anton Affentranger has irrevocably waived his right to 12,500 shares from his end-of-year allocation (prior year: 6,333). This represents a waiver of CHF 0,6 million of remuneration (prior year: CHF 0,3 million).

Notes to the consolidated financial statements of Implenla

33 Free cash flow

Implenia defines free cash flow as cash flow from operating activities, less acquisitions or disposals of non-current assets. The following table provides an overview on free cash flow:

	2014	2013
	CHF 1,000	CHF 1,000
Free cash flow		
Cash flow from operating activities	116,901	123,277
Investments in non-current assets	(51,386)	(61,003)
Disposal of non-current assets	10,026	19,223
Free cash flow before acquisition of subsidiaries	75,541	81,497
Acquisition of subsidiaries and deferred purchase price payments	(8,373)	(2,572)
Free cash flow after acquisition of subsidiaries	67,168	78,925

Free cash flow is not a financial indicator defined under IFRS and should not be interpreted as such. Free cash flow is not equivalent to cash flow from operating activities as defined under IFRS.

34 Events after the balance sheet date

Approval of the consolidated financial statements by the Board of Directors and proposal for the appropriation of the profit

The Board of Directors of Implenla Ltd. approved these consolidated financial statements on 23 February 2015. On 23 February 2015, the Board of Directors proposed a dividend of CHF 1.80 per share, which will be submitted for approval to the General Meeting to be held on 24 March 2015. If the resolution is approved, the total amount of the distribution will be CHF 33.0 million.

Acquisition of Bilfinger Construction GmbH

The Implenia Group announced its acquisition of 100% of the shares of the German company Bilfinger Construction GmbH with registered office in Wiesbaden, Germany on 22 December 2014, subject to the approval of the competition authority. This company comprises the infrastructure division of the German company Bilfinger SE. Bilfinger Construction GmbH boasts excellent industry expertise in the construction of infrastructure and is a leading player in foundation engineering, civil engineering and tunnelling. The company is anchored very strongly in regional terms in its target markets in Germany, Austria, Norway and Sweden. It offers a high degree of technical know-how and an attractive project and service portfolio. Bilfinger Construction GmbH also owns regional and technical companies with strong roots in their local markets. These companies offer specialised services in foundation engineering, road construction, civil engineering or formwork construction. The acquisition is an important step for Implenia in establishing itself as an international expert in challenging infrastructure projects and strengthens its technical expertise and firepower. The Implenia Group is geographically diversifying its business and expanding its regional presence.

The purchase price for 100% of the shares in Bilfinger Construction GmbH, adjusted for cash and cash equivalents and financial debts, is expected to be EUR 60 million and depends on the 2014 financial statements. The competition authority approved the transaction at the end of January 2015. The closing is scheduled for the beginning of March 2015.

Removal of euro cap

On 15 January 2015 the Swiss National Bank communicated that it discontinued the minimum exchange rate of CHF 1.20 per euro on 15 January 2015. Thanks to the fact that most of its business is domestic, the immediate impact on Implenia is small. The foreign currency risks are described in Note 3.5.

35 Foreign exchange rates

		Average rate		Closing rate	
		2014	2013	31.12.2014	31.12.2013
European Union	1 EUR	CHF 1.21	CHF 1.23	CHF 1.20	CHF 1.23
Ivory Coast/Mali	100 XOF	CHF 0.19	CHF 0.19	CHF 0.18	CHF 0.19
Norway	100 NOK	CHF 14.55	CHF 15.80	CHF 13.31	CHF 14.55
Sweden	100 SEK	CHF 13.36	CHF 14.24	CHF 12.69	CHF 13.75
USA	1 USD	CHF 0.92	CHF 0.93	CHF 0.99	CHF 0.89

Notes to the consolidated financial statements of Implenla

36 Selected fully consolidated companies

Name	Share-holding	Registered office	Country	Currency
Développements transfrontaliers SA	100%	Lyon	F	EUR
Gravière de La Claie-aux-Moines SA	66.67%	Savigny	CH	CHF
Implenia Bau GmbH	100%	Rümmingen	D	EUR
Implenia France SA	100%	Lyon	F	EUR
Implenia Holding GmbH	100%	Rümmingen	D	EUR
Implenia Real Estate Ltd. ¹	100%	Dietlikon	CH	CHF
Implenia Italia S.p.A.	100%	Basiliano	I	EUR
Implenia Miljø AS	100%	Oslo	N	NOK
Implenia Norge AS ²	85.76%	Oslo	N	NOK
Implenia Österreich GmbH	100%	Vienna	A	EUR
Implenia Switzerland Ltd.	100%	Dietlikon	CH	CHF
Implenia Sverige AB	100%	Grebbestad	S	SEK
Midtnorsk Betongsprøyting AS	100%	Orkanger	N	NOK
Norbridge AS	51%	Stjørdal	N	NOK
Reprojet AG	100%	Zurich	CH	CHF
SAPA, Société Anonyme de Produits Asphaltiques	75%	Satigny	CH	CHF
Sisag SA	100%	Abidjan	CI	XOF
Socarco Bénin Sàrl	100%	Cotonou	BJ	XOF
Socarco Burkina Sàrl	100%	Ouagadougou	BF	XOF
Socarco Mali Sàrl	100%	Bamako	RMM	XOF
Tetrag Automation Ltd.	100%	Dietlikon	CH	CHF
Trachsel AG	100%	Heimberg	CH	CHF
Zschokke Construction Sàrl	100%	Lyon	F	EUR

1 Implenla Real Estate Ltd.: Merged as per 1.1.2014 with Implenla Development Ltd.

2 Implenla Norge AS: Company with material non-controlling interests pursuant to IFRS 12. The non-controlling interests' share of the Group profit was CHF 0.8 million (previous year: CHF 1.9 million). The dividend allocated to the non-controlling interests was CHF 0.4 million in 2014 (previous year: CHF 0.3 million). The Norge segment's cash flow from operating activities was CHF –6.8 million for the 2014 financial year (previous year: CHF –8.8 million). Other summarised financial information is provided in Note 5 in the Norge segment.

Capital	Segment	Held by
14,663,800	Miscellaneous/Holding	Implenia Immobilien Ltd.
1,500,000	Construction Switzerland	Implenia Ltd.
2,556,459	Buildings	Implenia Holding GmbH
914,694	Miscellaneous/Holding	Implenia Switzerland Ltd.
3,067,751	Buildings	Implenia Immobilien Ltd.
30,600,000	Development	Implenia Ltd.
250,000	Buildings	Implenia Switzerland Ltd.
3,144,000	Norge	Implenia Norge AS
4,095,432	Norge	Implenia Switzerland Ltd.
35,000	Tunnelling & Civil Engineering	Implenia Ltd.
40,000,000	Several Segments	Implenia Ltd.
100,000	Norge	Implenia Norge AS
100,000	Norge	Implenia Norge AS
3000,000	Norge	Implenia Norge AS
100,000	Tunnelling & Civil Engineering	Implenia Ltd.
500,000	Construction Switzerland	Implenia Ltd.
492,000,000	Construction Switzerland	Implenia Ltd.
1,000,000	Construction Switzerland	Sisag SA
10,000,000	Construction Switzerland	Sisag SA
100,000,000	Construction Switzerland	Sisag SA
100,000	Modernisation	Implenia Ltd.
100,000	Construction Switzerland	Implenia Ltd.
76,225	Miscellaneous/Holding	Implenia France SA

Notes to the consolidated financial statements of Implenla

37 Selected associates

Name	Share-holding	Registered office	Country	Currency	Capital
ARGE Deponie Schwanental	37.0%	Eglisau	CH	CHF	–
Argo Mineral AG	50.0%	Aarau	CH	CHF	300,000
Argobit AG	40.0%	Schafisheim	CH	CHF	1,200,000
BEWO Belagslieferwerk Oberwallis (sp)	25.0%	Niedergesteln	CH	CHF	1,500,000
Catram AG	24.0%	Chur	CH	CHF	1,000,000
GU Kies AG	33.3%	Schaffhausen	CH	CHF	450,000
Holcim Betondrance SA	46.0%	Martigny	CH	CHF	300,000
Kieswerk Oldis AG	26.4%	Haldenstein	CH	CHF	1,200,000
Miphalt AG	27.5%	Niederbipp	CH	CHF	1,758,000
MOAG Baustoffe Holding AG	14.3%	Mörschwil	CH	CHF	300,000
Mobival (sp)	26.0%	Massongex	CH	CHF	–
Parking Port d'Ouchy SA	24.0%	Lausanne	CH	CHF	5,649,000
Reprod AG	33.3%	Bremgarten	CH	CHF	1,500,000
Seval – Société d'Enrobage du Valais central (sp)	83.0%	Vétroz	CH	CHF	–
Siseg SA	20.1%	Geneva	CH	CHF	500,000
Société Coopérative Les Terrasses	45.1%	Versoix	CH	CHF	775,500
Tapidrance (sp)	60.0%	Martigny	CH	CHF	1,000,000
Urner Belagszentrum (UBZ) (sp)	50.0%	Flüelen	CH	CHF	1,000,000
Valbéton (sp)	50.6%	Sion	CH	CHF	100,000
Valver (sp)	27.9%	Martigny	CH	CHF	1,729,936
wsb AG	50.0%	Rafz	CH	CHF	500,000

(sp) simple partnership

Associates are recognised according to the equity method (see Note 2.15). Although the stakes held in some companies are higher than 50%, these companies are accounted for as associates and the equity method is applied as Implenla does not have control over these companies. The composition of the executive boards of the companies named does not allow Implenla to control these companies. By contrast, some companies in which Implenla holds a stake of less than 20% are recognised as associates because Implenla exercises significant influence over them.

38 Selected joint ventures

Name	Share- holding	Country	Recognition in consolidated financial statements
ARGE AS Rheinhafen	60.0%	CH	FC
ARGE Bahnhof Löwenstrasse	25.5%	CH	EM
ARGE EquiTec Gotthard	50.0%	CH	PC
ARGE Forch-Burgwies	55.0%	CH	FC
ARGE Gate Oerlikon	80.5%	CH	FC
ARGE Kraftwerk Rüchlig	30.0%	CH	EM
ARGE Midnightspeed	50.0%	CH	EM
ARGE RKW Iffezheim	50.0%	D	EM
ARGE Tunnel Fröschnitzgraben	50.0%	AT	PC
ARGE Transco Gottardo Sedrun	40.0%	CH	EM
ARGE Tunnel Weinberg ATW	45.0%	CH	EM
ARGE WIGA	50.0%	CH	PC
ARGE WKW Hagneck	30.0%	CH	EM
Cons. IW 111	60.0%	CH	FC
Cons. Tunnel Pinchat	31.0%	CH	EM
Consorzio TAT Tunnel Alp Transit Ticino	25.0%	CH	EM
Groupement Marti-Implenla (Nant de Drance, Emosson)	50.0%	CH	EM

FC = fully consolidated; PC = proportionately consolidated; EM = equity method

Report of the statutory auditor on the consolidated financial statements



Report of the statutory auditor to the Annual General Meeting of Implenla Ltd., Dietlikon

As statutory auditor, we have audited the consolidated financial statements of Implenla Ltd., which comprise the income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity, and notes (pages 180 to 269) for the year ended 31 December 2014.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2014 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

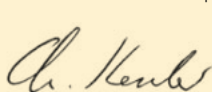
Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 SCO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd.



Christian Kessler
Audit expert
Auditor in charge



Diego J. Alvarez
Audit expert

Zurich, 23 February 2015

Income statements

		1.1.–31.12.2014	1.1.–31.12.2013
	Notes	CHF 1,000	CHF 1,000
INCOME			
Income from investments		39,712	41,328
Income from sale of investments		469	5,397
Release of value adjustments and provisions	6	52,156	–
Financial income		4,307	9,513
Other income		4,611	3,266
Extraordinary income		11	2,052
Total		101,265	61,556
EXPENSES			
Administration expenses		4,665	4,564
Increase of value adjustments and provisions		3,499	304
Depreciation and amortisation		818	223
Financial expenses		12,337	9,005
Taxes		4,642	147
Profit for the year		75,304	47,313
Total		101,265	61,556

Balance sheets

		31.12.2014	31.12.2013
	Notes	CHF 1,000	CHF 1,000
ASSETS			
Cash and cash equivalents		336,199	260,048
Treasury shares	1	8,405	5,149
Receivables from Group companies		168,997	61,771
Other receivables		984	601
Prepaid expenses and accrued income		2,129	28,225
Total current assets		516,714	355,794
Property, plant and equipment		28	58
Intangible assets		2,148	1,877
Investments in Group companies	2	317,544	265,512
Investments in associates and other investments	2	926	802
Total non-current assets		320,646	268,249
Total assets		837,360	624,043
EQUITY AND LIABILITIES			
Payables to Group companies		150,868	111,063
Trade payables		1,575	1,105
Other liabilities		1,524	1,045
Prepaid income and accrued expenses		12,491	10,752
Total current liabilities		166,458	123,965
Bond issues	5	325,000	200,000
Total non-current liabilities		325,000	200,000
Share capital	3	18,841	35,097
Statutory reserves			
– General reserves		16,185	16,185
– Reserves for treasury shares		8,405	5,149
– Reserves from capital contributions		132	13,356
Retained earnings			
– Profit carried forward		227,035	182,978
– Profit for the year		75,304	47,313
Total equity		345,902	300,078
Total equity and liabilities		837,360	624,043

Notes to the Statutory Financial Statements

1 Treasury shares (Implenia Ltd.)

	2014	2014	2013
	Number	CHF 1,000	CHF 1,000
As at 1.1	102,316	5,149	3,097
Purchase	144,820	8,312	17,153
Sale and use for employees and Board of Directors	(91,835)	(4,955)	(15,101)
As at 31.12	155,301	8,405	5,149

2 Shareholdings

	31.12.2014	31.12.2013
	CHF 1,000	CHF 1,000
Group companies (see Note 9)	317,544	265,512
Associates and other investments	926	802

3 Share capital

The articles of association provide for a conditional capital increase in the maximum amount of CHF 9,420,720 (9,236,000 fully paid-up registered shares at CHF 1.02 each). To date, there have been no circumstances requiring the conversion of conditional capital.

Shareholders holding more than 3 percent of the share capital as at 31 December:

	Share capital participation	
	31.12.2014	31.12.2013
	%	%
Parmino Holding AG/Max Rössler	16.1	16.0
Chase Nominees Ltd.	6.4	9.9
Rudolf Maag	5.4	5.4
Vontobel Fund Services Ltd.	3.4	3.4

4 Contingent liabilities

	31.12.2014	31.12.2013
	CHF 1,000	CHF 1,000
Guarantees and contingent liabilities	23,831	37,533
Security for joint liability regarding the levying of VAT for the Implenla-VAT-group	p.m.	p.m.

As part of a syndicated loan agreement signed on 22 August 2012, Implenla Ltd. issued a guarantee in the amount of CHF 550 million in favour of the bank consortium for the liabilities of Group companies.

5 Bonds

Implenla Ltd. floated the following two bonds:

- CHF 200 million Payment under subscription 12 May 2010, interest rate 3.125%, term 2010–2016, issue price 100.269%, ISIN CH011 219 3518
- CHF 125 million Payment under subscription 15 October 2014, interest rate 1.625%, term 2014–2024, issue price 101.063%, ISIN CH025 359 2767

6 Hidden reserves

In the reporting year, the value of investments that have recovered their taxable value was increased in the statutory financial statements. The increase amounts to CHF 52.2 million and equals the net release of hidden reserves in the reporting year 2014 (previous year: CHF 0 million).

7 Risk assessment

A Group-wide risk assessment, which facilitates the early identification of risks, as well as the implementation of appropriate risk-reduction measures, is carried out every half-year and focuses mainly on project risks and financial risks. Using a bottom-up process based on risk maps for each project and unit, the results of all the individual risk and opportunity assessments are consolidated. As part of the accounting and control process, Group Risk Management reports twice a year to the Group Executive Board, the Audit Committee and the Board of Directors.

Notes to the Statutory Financial Statements

8 Shares owned by members of the Board of Directors and members of the Group Executive Board

As at 31 December 2014, the number of shares held by members of the Group Executive Board and related persons was 349,630, which represents 1.9 percent of the share capital (previous year in former constitution: 336,225 shares or 1.8%). This figure includes any shares acquired in a private capacity.

Group Executive Board

	Number of shares, as at		Shares blocked until		
	31.12.2014	31.12.2013	2015	2016	2017
Anton Affentranger, CEO	233,840	222,173	16,743	10,334	12,500
Beat Fellmann, CFO and Head of Corporate Center	39,000	37,000	17,500	10,000	10,000
Christof Gämperle, Business Unit Head of Construction German-speaking Switzerland	7,263	4,720	1,100	3,620	2,543
René Kotacka, Business Unit Head of Tunnelling & Civil Engineering	2,643	–	966	305	655
André Métral, Business Unit Head of Construction French-speaking Switzerland	4,882	2,545	–	2,545	2,337
Petter Vistnes, Business Unit Head of Norge	446	446	446	–	–
Stephan Wüstemann, Business Unit Head of Buildings	9,035	–	3,253	3,033	2,749
René Zahnd, Business Unit Head of Modernisation & Development	23,500	20,250	10,500	6,500	6,500
Members of the Group Executive Board who left	29,021	49,091	14,221	10,244	42
Total	349,630	336,225	64,729	46,581	37,326

As at 31 December 2014, the number of shares held by non-executive members of the Board of Directors and related persons was 37,792, which represents 0.2 percent of the share capital (previous year in former constitution: 36,643 or 0.2%). This figure includes any shares acquired in a private capacity.

Non-executive Board of Directors

	Number of shares, as at		Shares blocked until		
	31.12.2014	31.12.2013	2015	2016	2017
Markus Dennler, Chairman	14,547	12,773	5,282	2,290	1,774
Hans-Beat Gürtler, Vice-Chairman	5,631	4,744	2,911	1,145	887
Hubert Achermann, Member	9,536	8,649	–	859	887
Chantal Balet Emery, Member	1,435	757	–	657	678
Calvin Grieder, Member	1,335	657	–	657	678
Patrick Hünerwadel, Member	3,973	3,295	1,080	875	678
Sarah Springman, Member	1,335	657	–	657	678
Members of the Board of Directors who left	–	5,111	–	–	–
Total	37,792	36,643	9,273	7,140	6,260

Notes to the Statutory Financial Statements

9 Significant shareholdings

Name	Shareholding	Registered office	Currency	Capital
Gravière de La Claie-aux-Moines SA	66.67%	Savigny	CHF	1,500,000
Implenia Real Estate Ltd. ¹	100%	Dietlikon	CHF	30,600,000
Implenia Österreich GmbH	100%	Vienna (A)	EUR	35,000
Implenia Switzerland Ltd.	100%	Dietlikon	CHF	40,000,000
Reprojet AG	100%	Zurich	CHF	100,000
SAPA, Société Anonyme de Produits Asphaltiques	75%	Satigny	CHF	500,000
Sisag SA	100%	Abidjan (CI)	XOF	492,000,000
Tetrag Automation Ltd.	100%	Dietlikon	CHF	100,000
Trachsel AG	100%	Heimberg	CHF	100,000

¹ Implenia Real Estate Ltd.: Merged as per 1.1.2014 with Implenia Development Ltd.

10 Financial reporting

Applying the transitional provisions of the new accounting law, these financial statements have been prepared in accordance with the provisions on accounting and financial reporting of the Swiss Code of Obligations effective until 31 December 2012.

Proposal of the Board of Directors

Proposal of the Board of Directors regarding the appropriation of available earnings

	2014
	CHF 1,000
Profit carried forward	227,035
Profit for the year	75,304
	302,339

The Board of Directors proposes to the General Meeting the following appropriation of available earnings and reserves:

Distribution of a dividend of	33,250
To be carried forward	269,089
	302,339

The Board of Directors requests the General Meeting of 24 March 2015 to approve a dividend per share of CHF 1.80. As of 31 December 2014, the assumed dividend totalled around CHF 33.0 million. The final amount will equal the dividend multiplied by the number of outstanding shares entitled to a dividend payment on the dividend record date (27 March 2015). The number of shares can change until the dividend record date.

Report of the statutory auditor on the financial statements



Report of the statutory auditor to the Annual General Meeting of Implenla Ltd., Dietlikon

As statutory auditor, we have audited the financial statements of Implenla Ltd., which comprise the balance sheet, income statement and notes (pages 272 to 279), for the year ended 31 December 2014.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of association. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion

In our opinion, the financial statements for the year ended 31 December 2014 comply with Swiss law and the company's articles of incorporation.

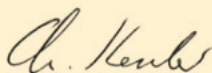
Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 SCO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 SCO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of association. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd.



Christian Kessler
Audit expert
Auditor in charge



Diego J. Alvarez
Audit expert

Zurich, 23 February 2015





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