

# Half-Year Report 2014

## Media and Analysts' Conference

Zurich, 21 August 2014

A. Affentranger / B. Fellmann



**Implenia<sup>®</sup>**

# Media and Analysts' Conference

Highlights Half-Year 2014



# Highlights Half-Year 2014

## On track overall

in CHF million

### Key figures 1<sup>st</sup> half-year 2014

		$\Delta$
■ Consolidated revenue	1,413.3	+0.3%
■ Operating income	26.4	-12.2%
■ Consolidated profit	17.0	-19.8%

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Order book on a high level	3,475.3	+7.2%
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### Highlight Modernisation, lowlight Buildings

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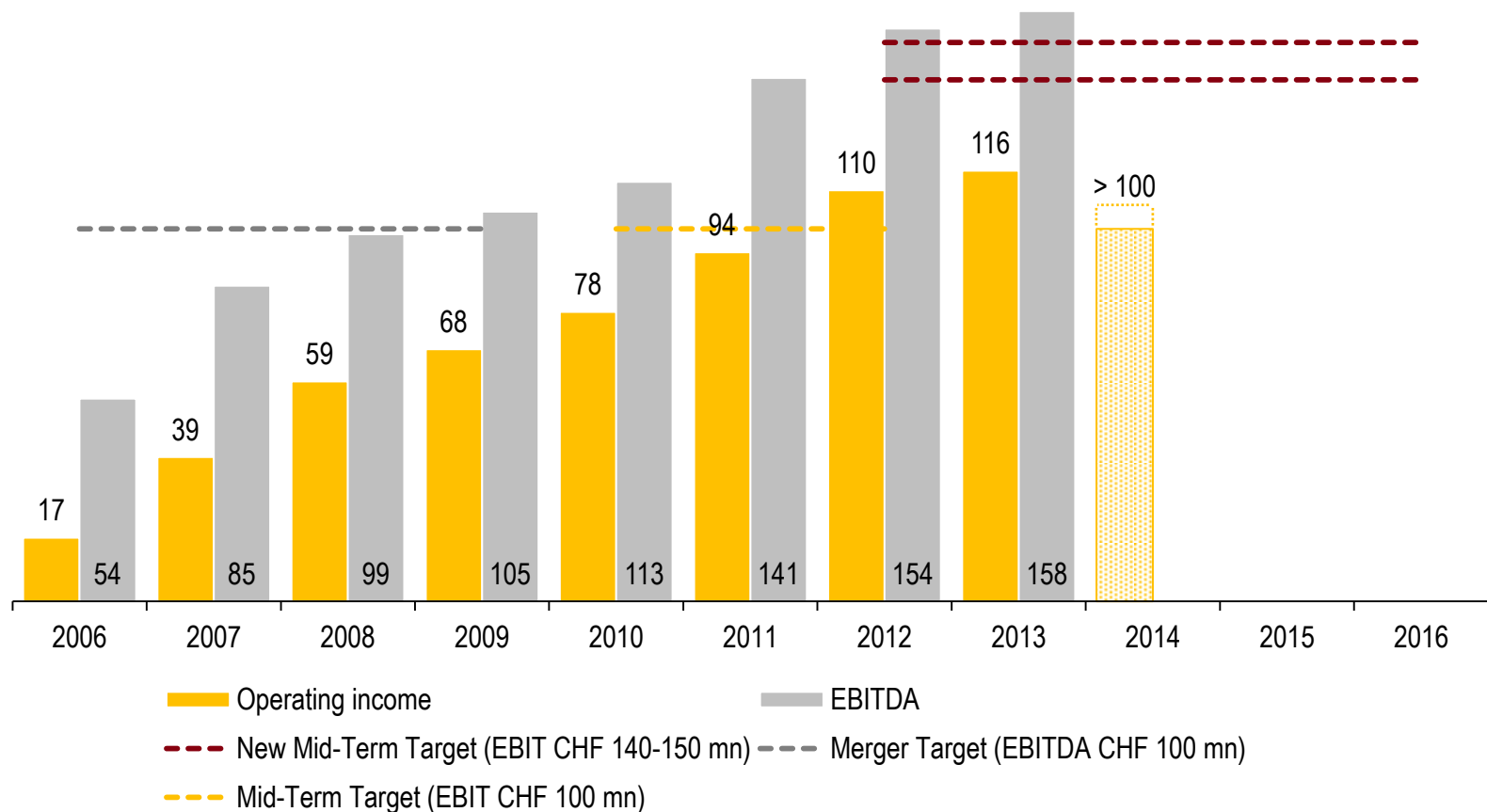
All other Business Units match or exceed the prior year figures

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# Highlights Half-Year 2014

## Where do we stand?

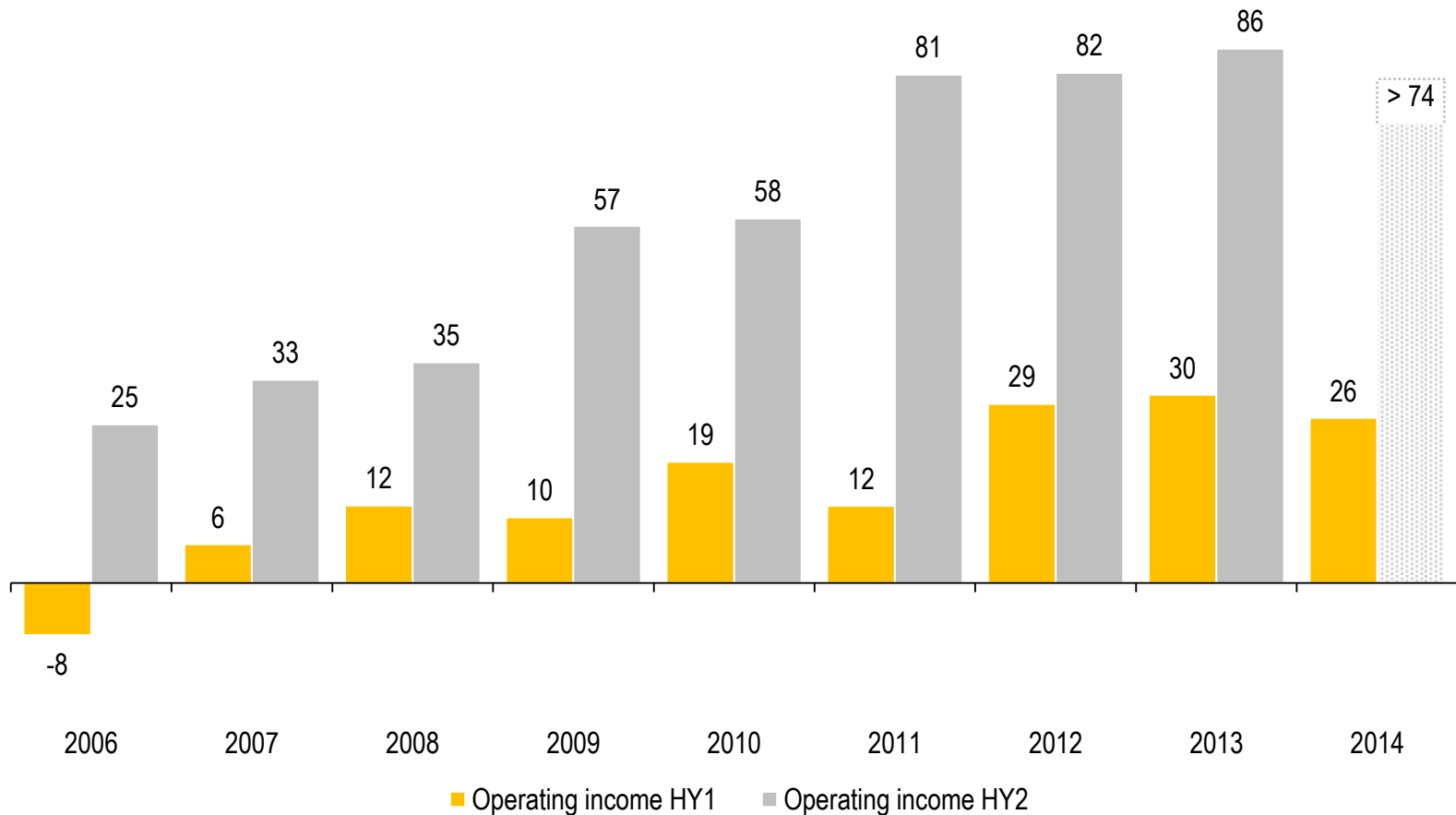
in CHF million



# Highlights Half-Year 2014

## First and second half-year 2014 remain strong

in CHF million



HY1 2008 including Privera amounts to CHF 24 million

# Highlights Halbjahr 2014

## Key aspects

### Topics

#### Strategy

- ✓ Business Units reallocated
- ✓ Modernisation very dynamic
- ✓ Compensation Swiss tunnelling business started
- ✓ Lean Construction / Management

#### Business

- ✓ Market is intact – brisk tender activities
- ✓ Strong demand in project development
- ✓ Regional units – the Group's backbone
- ✓ Strengthening structures in Norway

#### Processes

- ✓ Simplification of processes in Buildings
- ✓ Safety at work before EBIT
- ✓ Expansion of the D-A-CH organisation in Tunnelling
- ✓ Increased integration of central procurement

#### Risk Management

- ✓ Rigorous application of the new risk management system
- ✓ Technical Support reinforced
- ✓ Selective acquisition of new orders

#### Administration / HR

- ✓ Expanded legal department, new General Counsel
- ✓ New CIO and repositioning of IT
- ✓ Implenia Academy developed further



# Media and Analysts' Conference

## Real estate and construction market

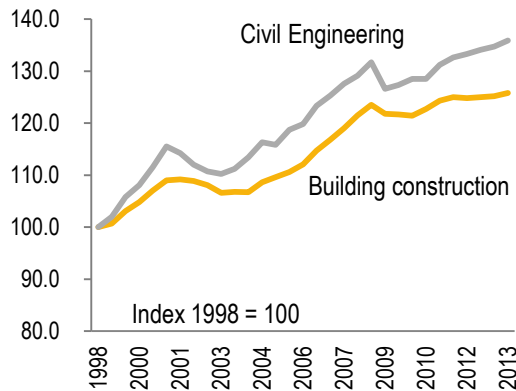


# Real estate and construction market

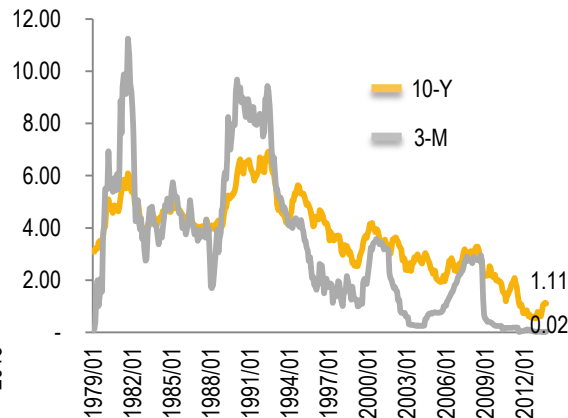
## Fundamentals continue to be positive



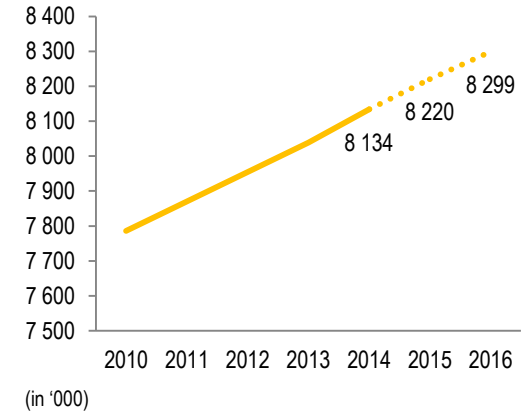
Prices (%)



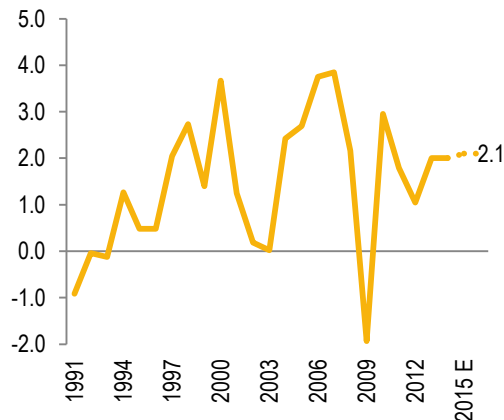
Interest rates (%)



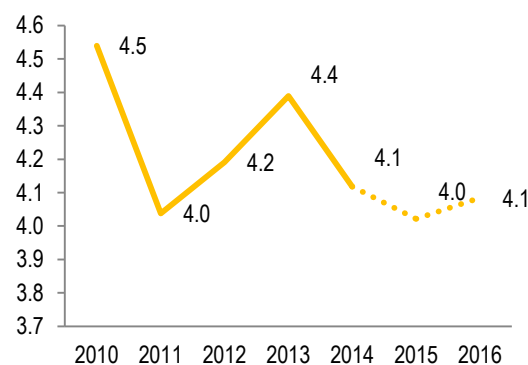
Population



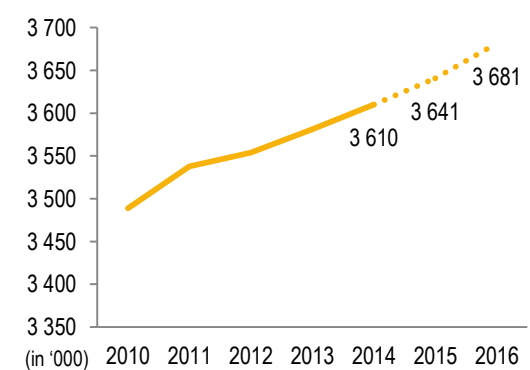
GDP growth (real, in %)



Unemployment rate (in %)



Households



Source: BFS 05.05.01 / BFS 04.02.01 / BFS 12.03.04 Euroconstruct/KOF Jun14

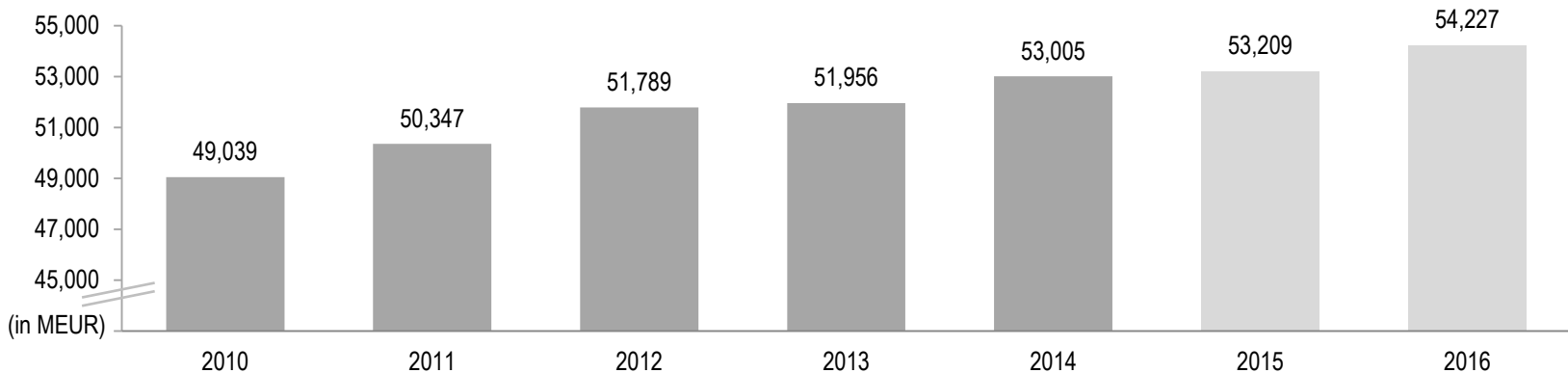


# Real estate and construction market

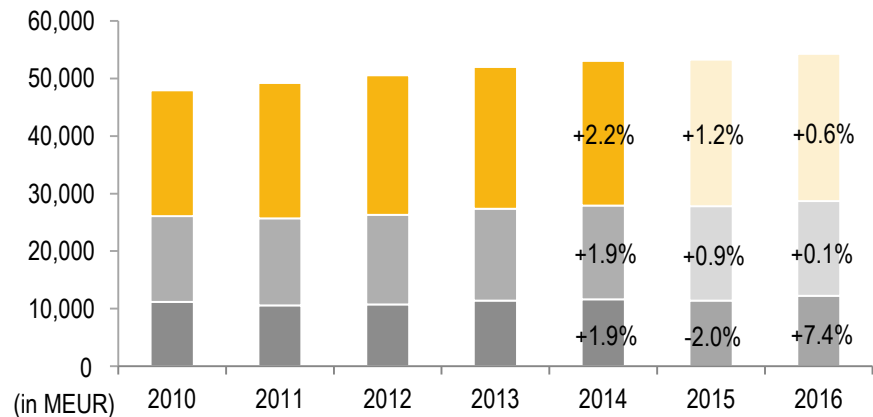
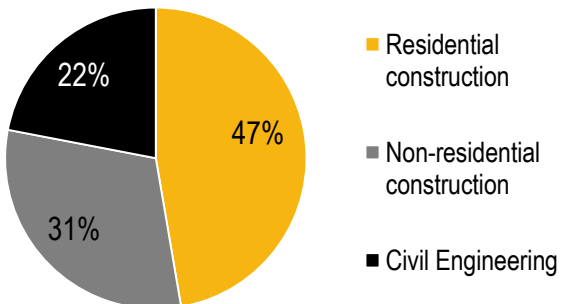
## Construction market Switzerland – growth on a high level



### Total construction spending



### Break-down and volume growth by end-markets 2013



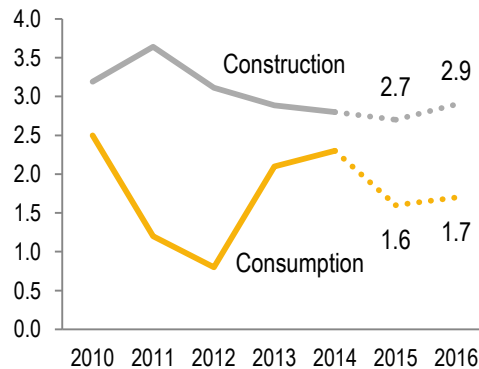
Source: Euroconstruct/KOF Jun14

# Real estate and construction market

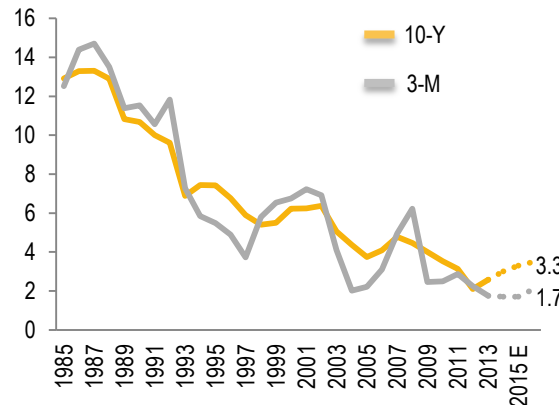
## Fundamentals in Norway comparable to Switzerland



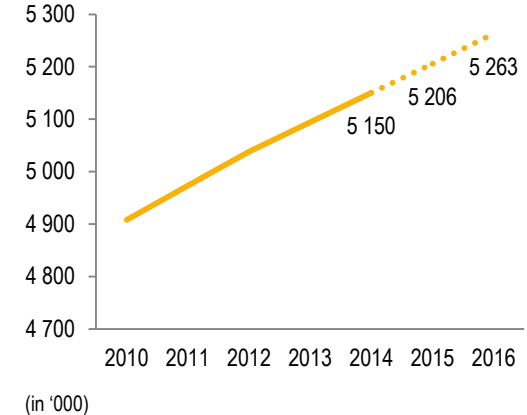
Prices (%)



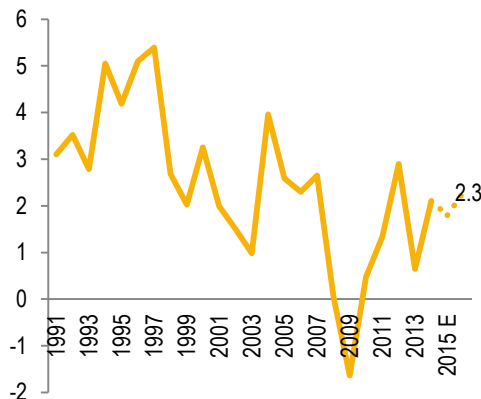
Interest rates (%)



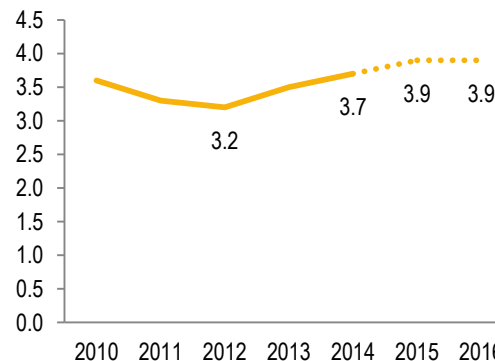
Population



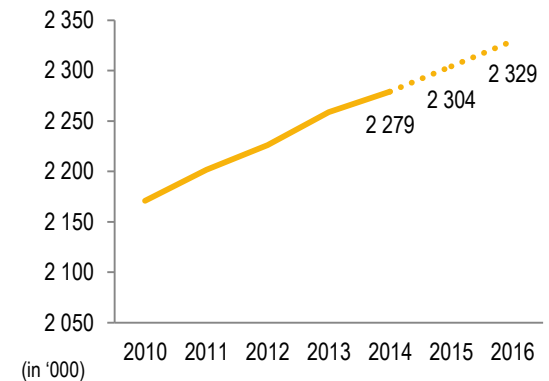
GDP growth (real, in %)



Unemployment rate (in %)



Households

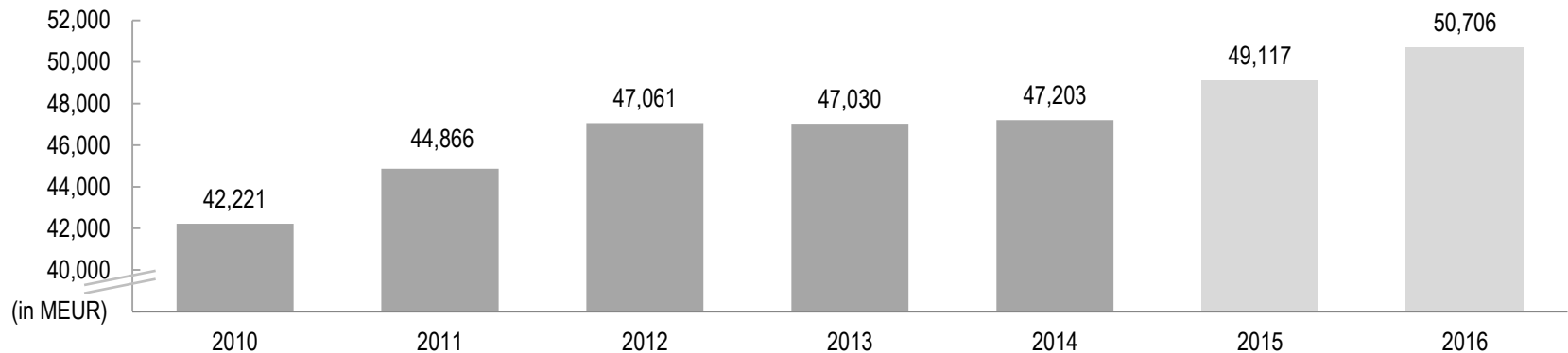


# Real estate and construction market

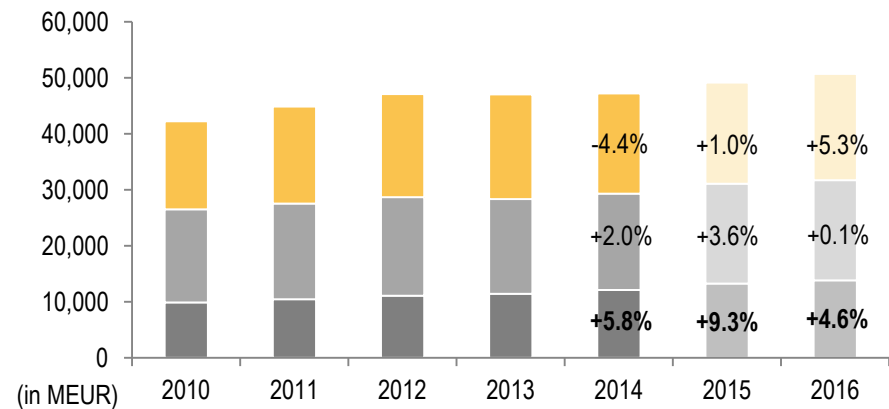
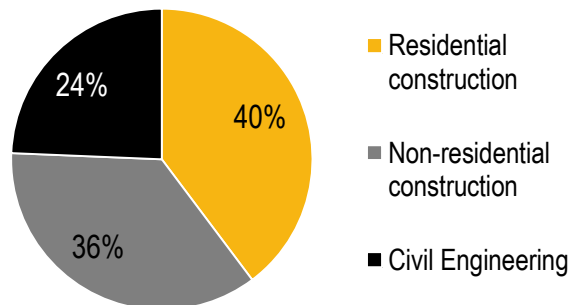
## Market for infrastructure remains strong in Norway



### Total construction spending



### Break-down and volume growth by end-markets 2013



Source: Euroconstruct/KOF Jun14

# Immobilien- und Baumarkt

## Intact markets with good future prospects



### Switzerland



- Sound fundamentals
  - Healthy public financial state
  - Low interest rates
  - Low vacancy rates
  - Solid economic outlook
- Increasing «political risks»
- Sustained public investments
- Potential slow-down in the housing market
- Opportunities in niche markets

### Norway



- Infrastructure market – solid fundamentals
  - Healthy public finances
  - Long term investment program (NTP 2014-23)
  - Basic demand
- Slow-down in the housing market might impact infrastructure market
- Increasing international competition



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Our segments

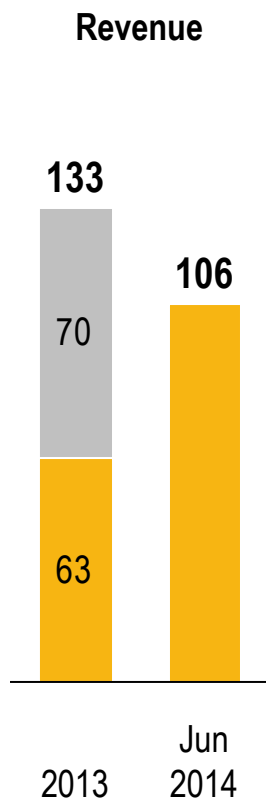




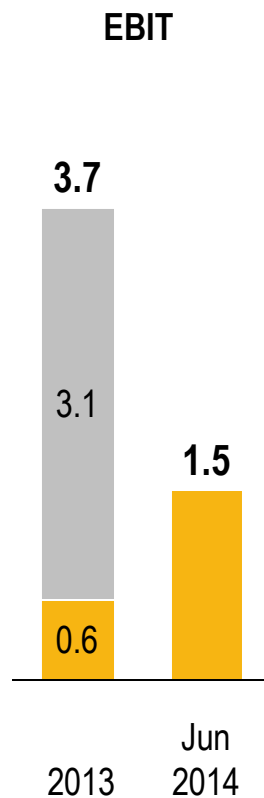
# Our segments

## Modernisation – dynamic expansion

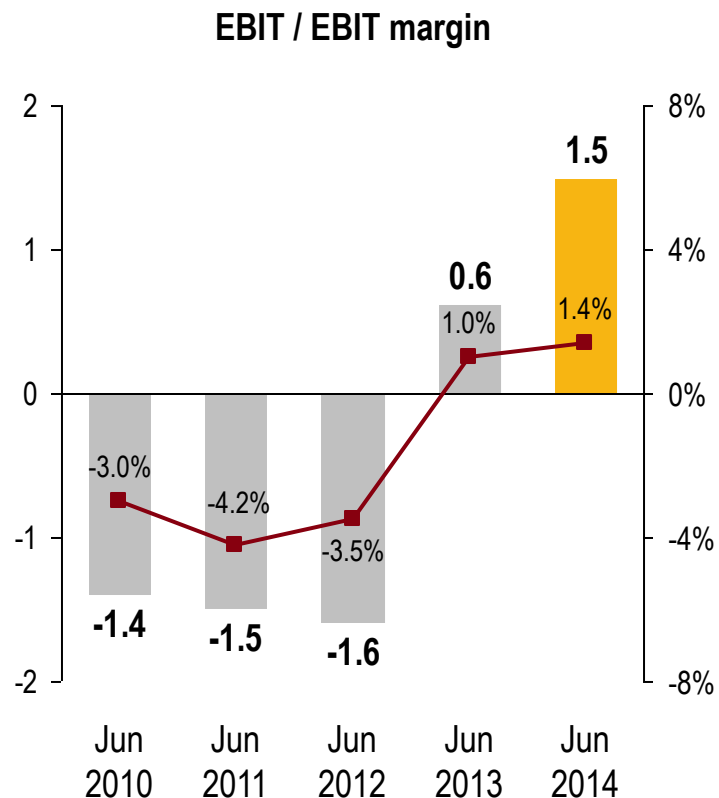
in CHF million



■ 2nd half-year  
■ 1st half-year



■ 2nd half-year  
■ 1st half-year

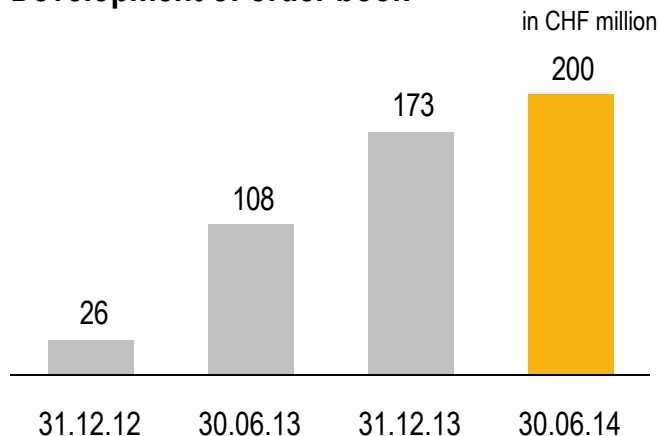


■ EBIT  
—■ EBIT margin (in %)

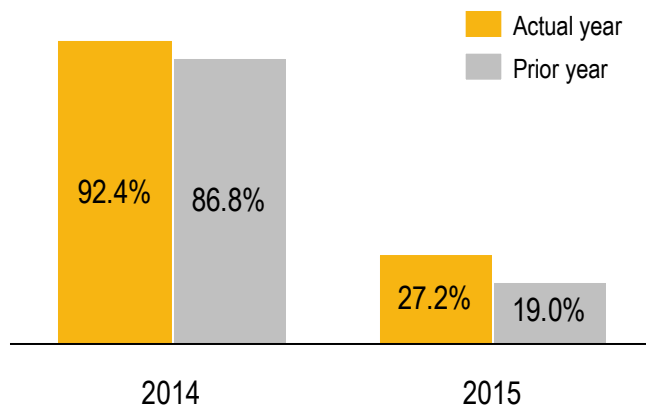
# Our segments

## Modernisation – prospering order inflow

### Development of order book



### Secured revenue



Restated due to segment adjustments



Wooden Construction: enhancement by adding two upper floors  
"Gertrudstrasse" Zurich

### Market

- Rising demand for refurbishment
- Key drivers unchanged: ageing housing stock, building shell and construction standard requirements

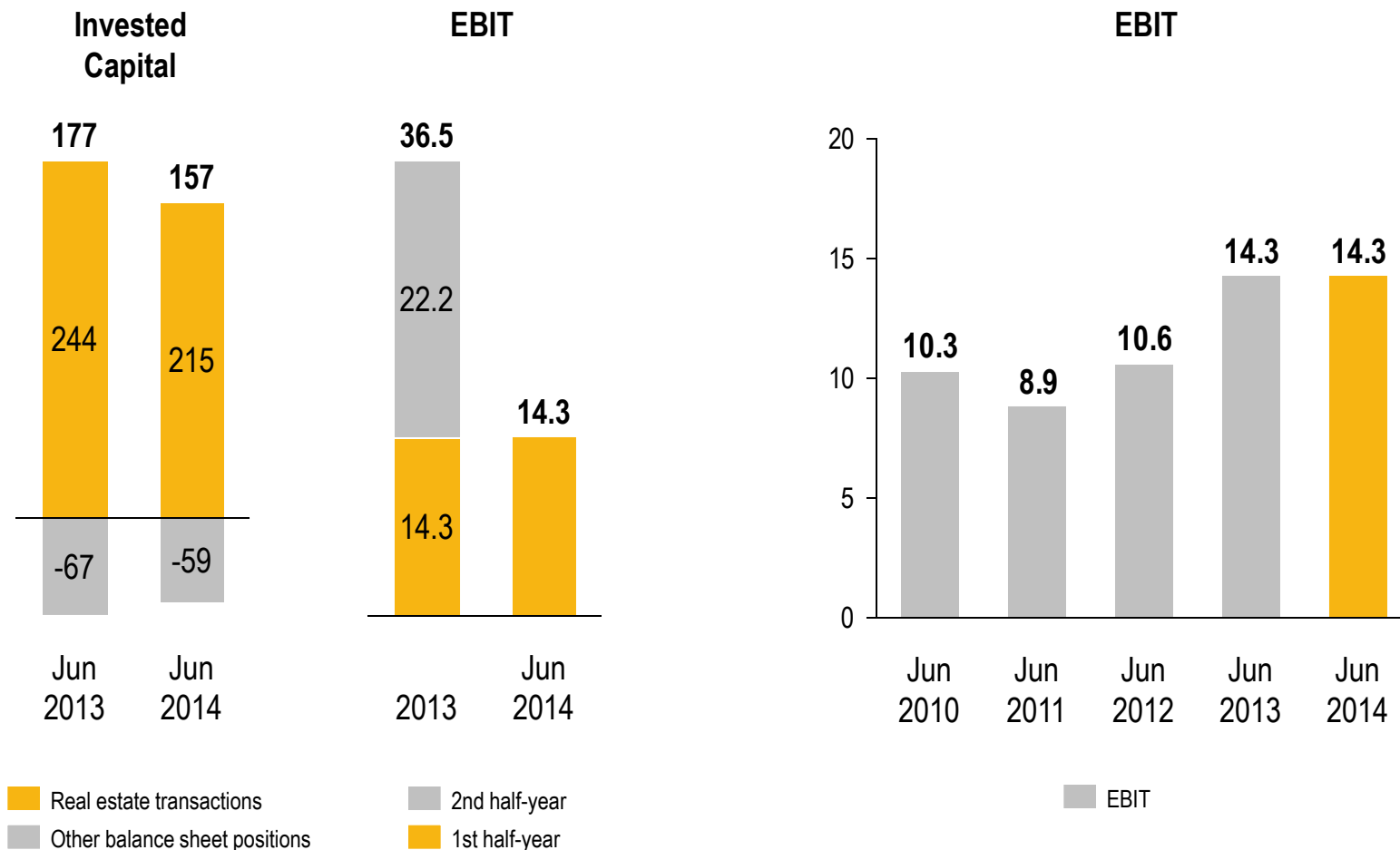
### Highlights

- Intense calculation activity shows high potential
- Consulting model is establishing itself
- Widened product portfolio with Wooden Construction and Engineering (formerly part of the Business Unit Buildings)
- Roll out German-speaking Switzerland 2015 is proceeding on schedule

# Our segments

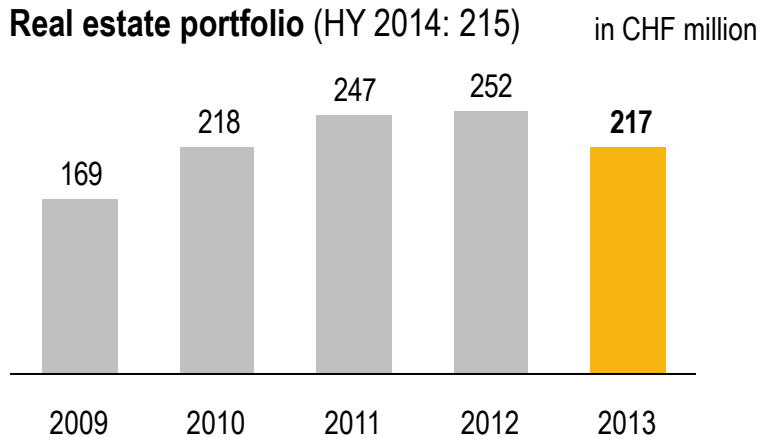
## Development – matching prior year record result

in CHF million

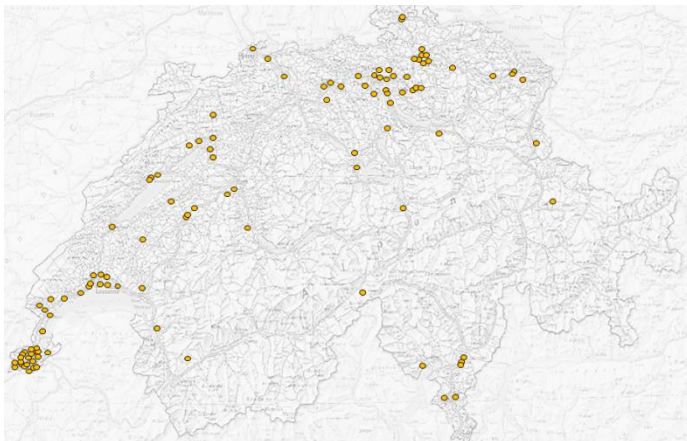


# Our segments

## Development – dynamic Zurich and Lake Geneva regions



### Diversified urban development portfolio



"Sternenfeld" Spreitenbach

### Market

- Fundamentals intact
- Peripheral areas more challenging
- Tightening regulatory environment perceptible
- Shift from condominiums to rental property

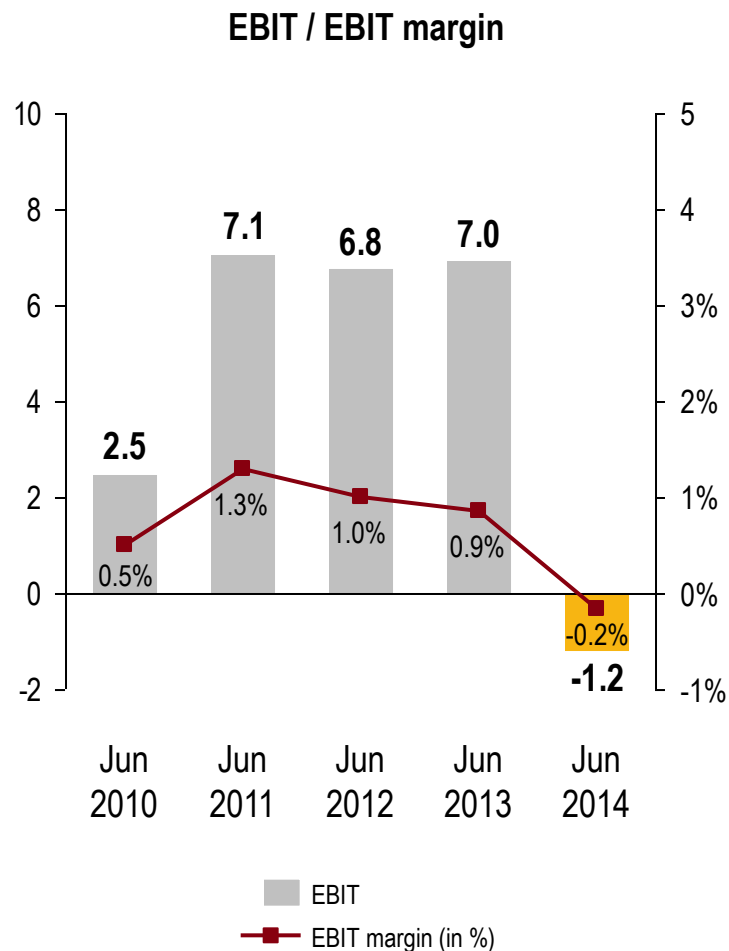
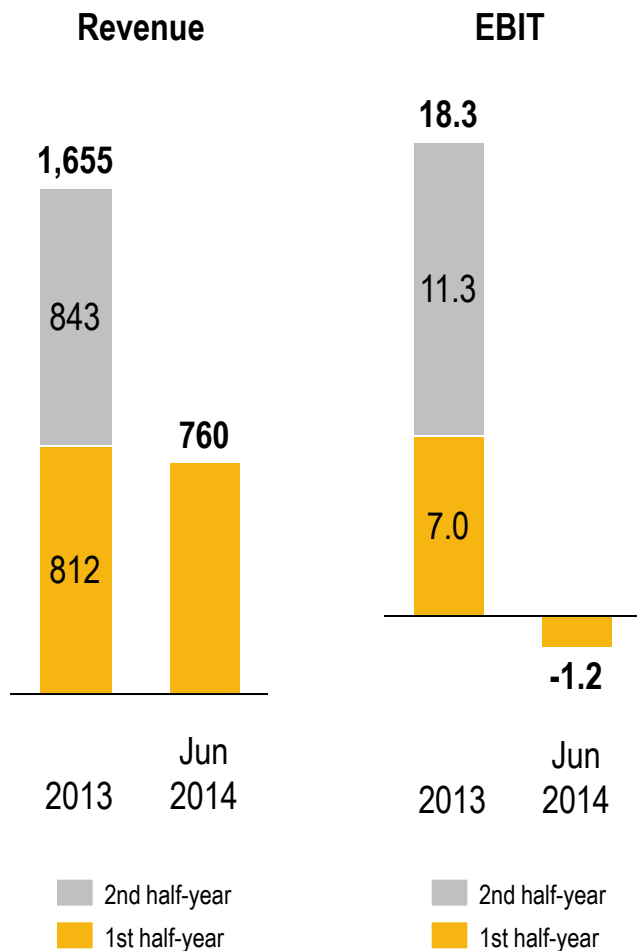
### Highlights

- Sales within set targets
- Development matches last year's record results

# Our segments

## Buildings – one-off adjustments due to project revaluations

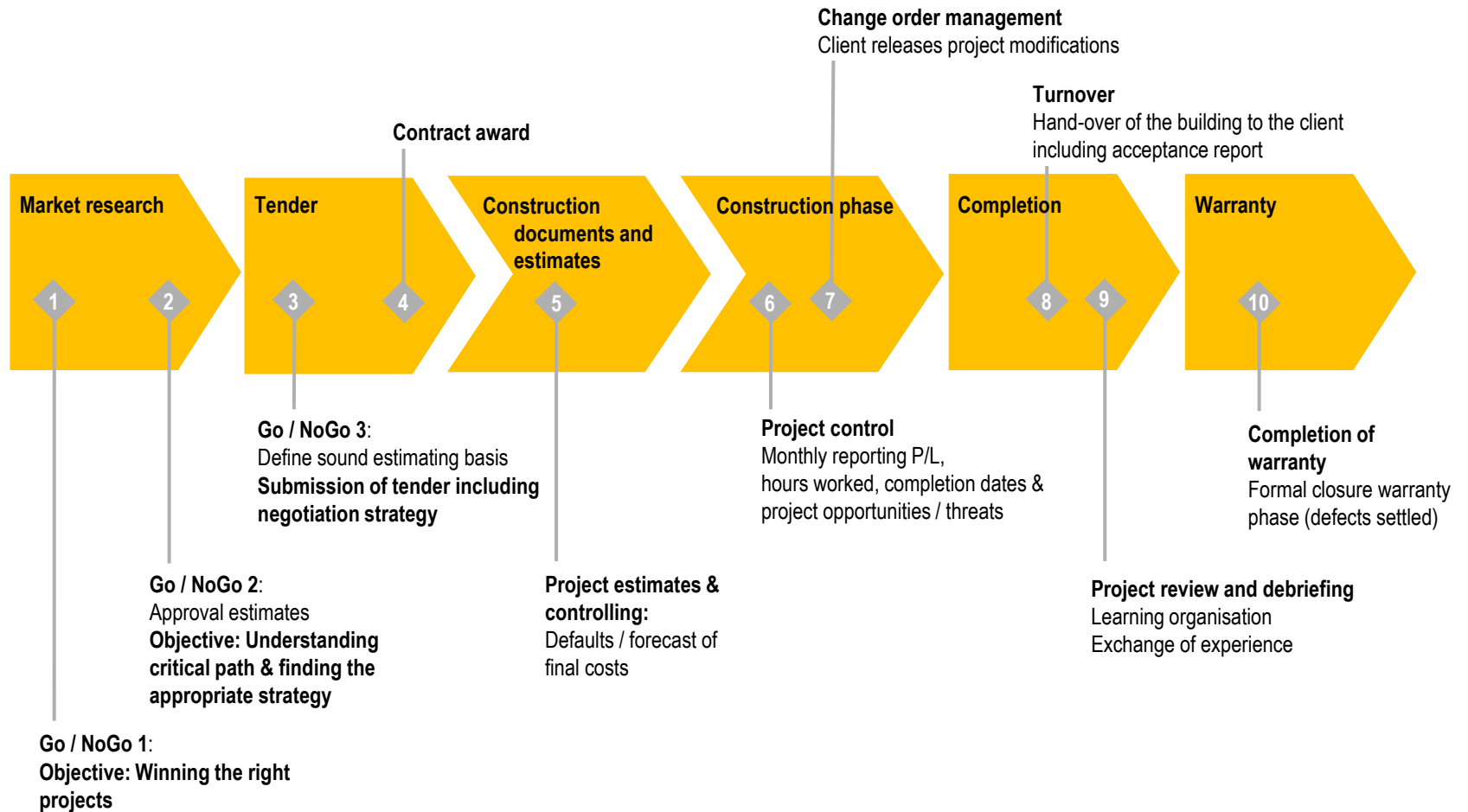
in CHF million





## Our segments

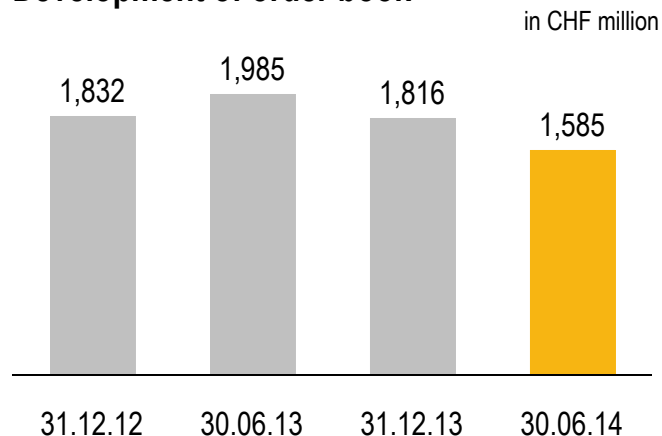
# Process landscape Buildings „milestones“ revised



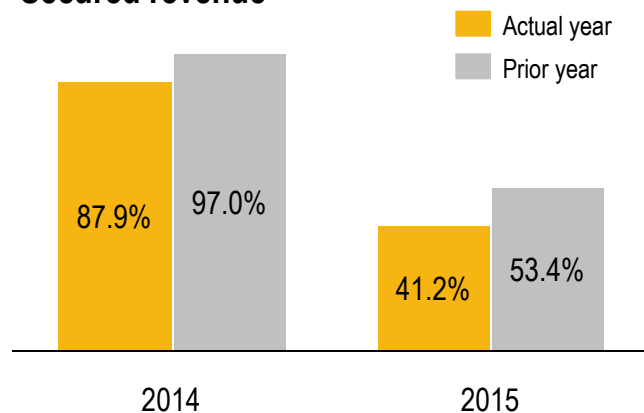
# Our segments

## Buildings – confident for improving performance

### Development of order book



### Secured revenue



Restated due to segment adjustments



"Täfernhof" Baden

### Market

- Fundamentals intact
- Volumes remain stable on a high level thanks to unchanged basic demand
- Mega trends "senior housing" and "health"

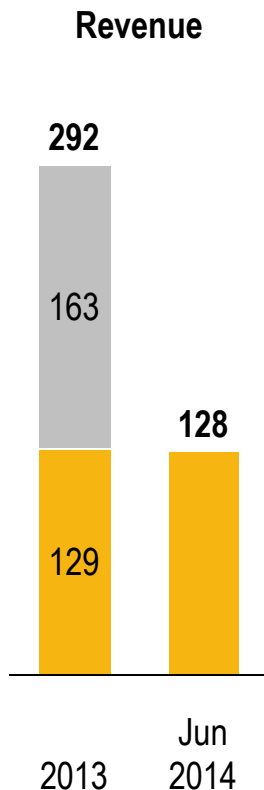
### Highlights

- Introduction of new processes and rigorous application of the new risk management system
- One-off earnings corrections (i.a. change in management)
- Clear positive result expected in the second half of 2014
- Estimating pipeline is full

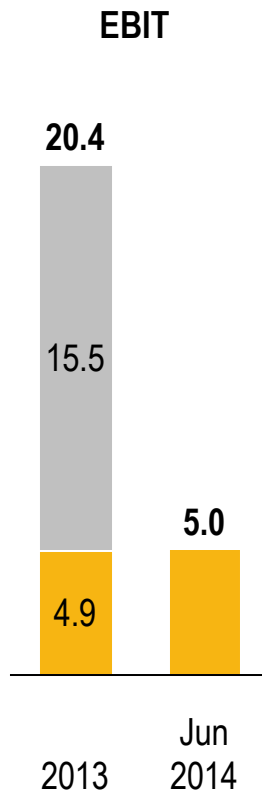
## Our segments

### Tunnelling & CE – EBIT maintained at previous year level

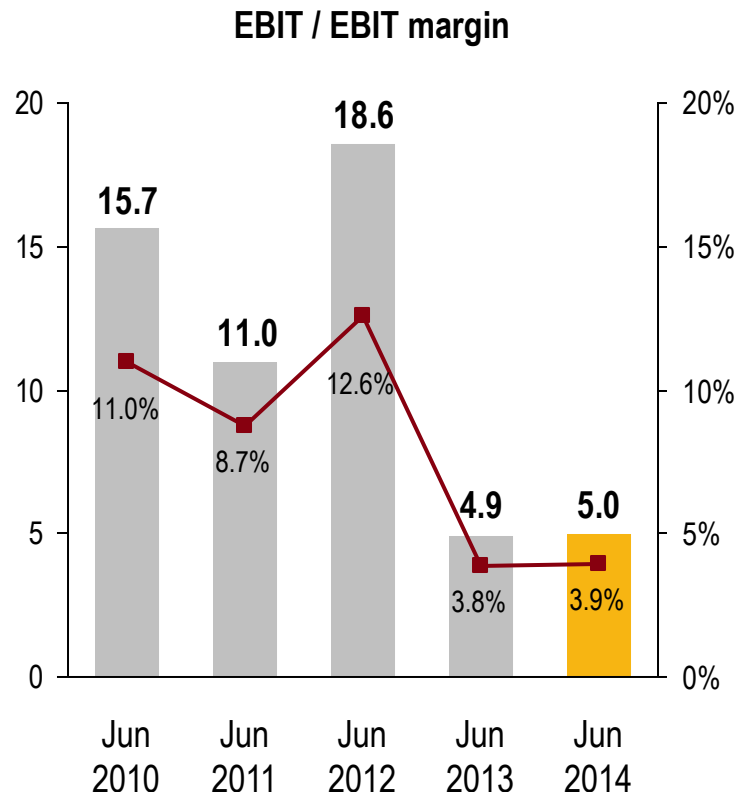
in CHF million



■ 2nd half-year  
■ 1st half-year



■ 2nd half-year  
■ 1st half-year

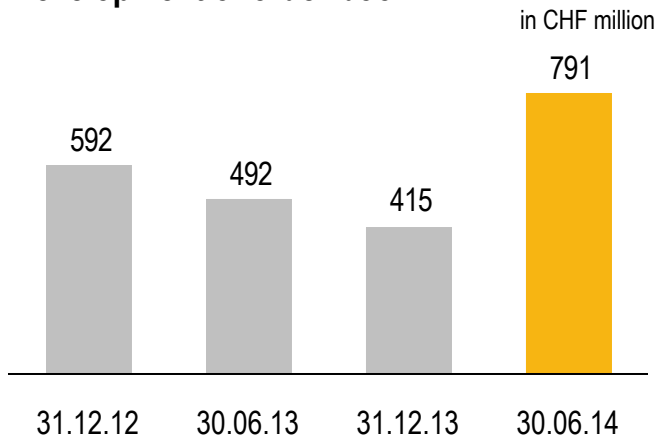


■ EBIT  
—■ EBIT margin (in %)

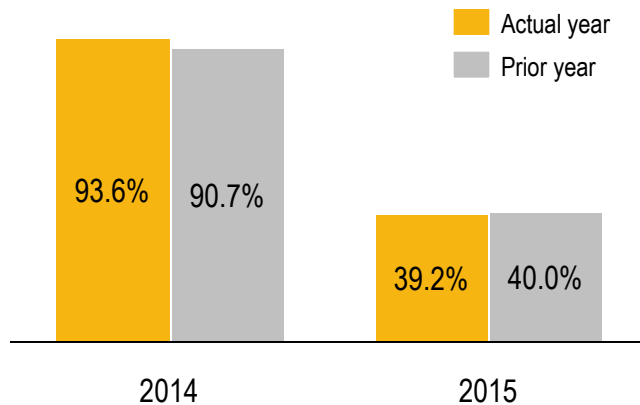
# Our segments

## Tunnelling & CE – lacking major projects in Swiss market

### Development of order book



### Secured revenue



“SBB Tunnel” Saint-Maurice

### Market

- Switzerland: lacking major projects
- Austria: numerous major projects on the market / in the pipeline
- Germany: stable market
- Power plant construction suffering from low electricity prices
- Increasing demand for rehabilitation & maintenance

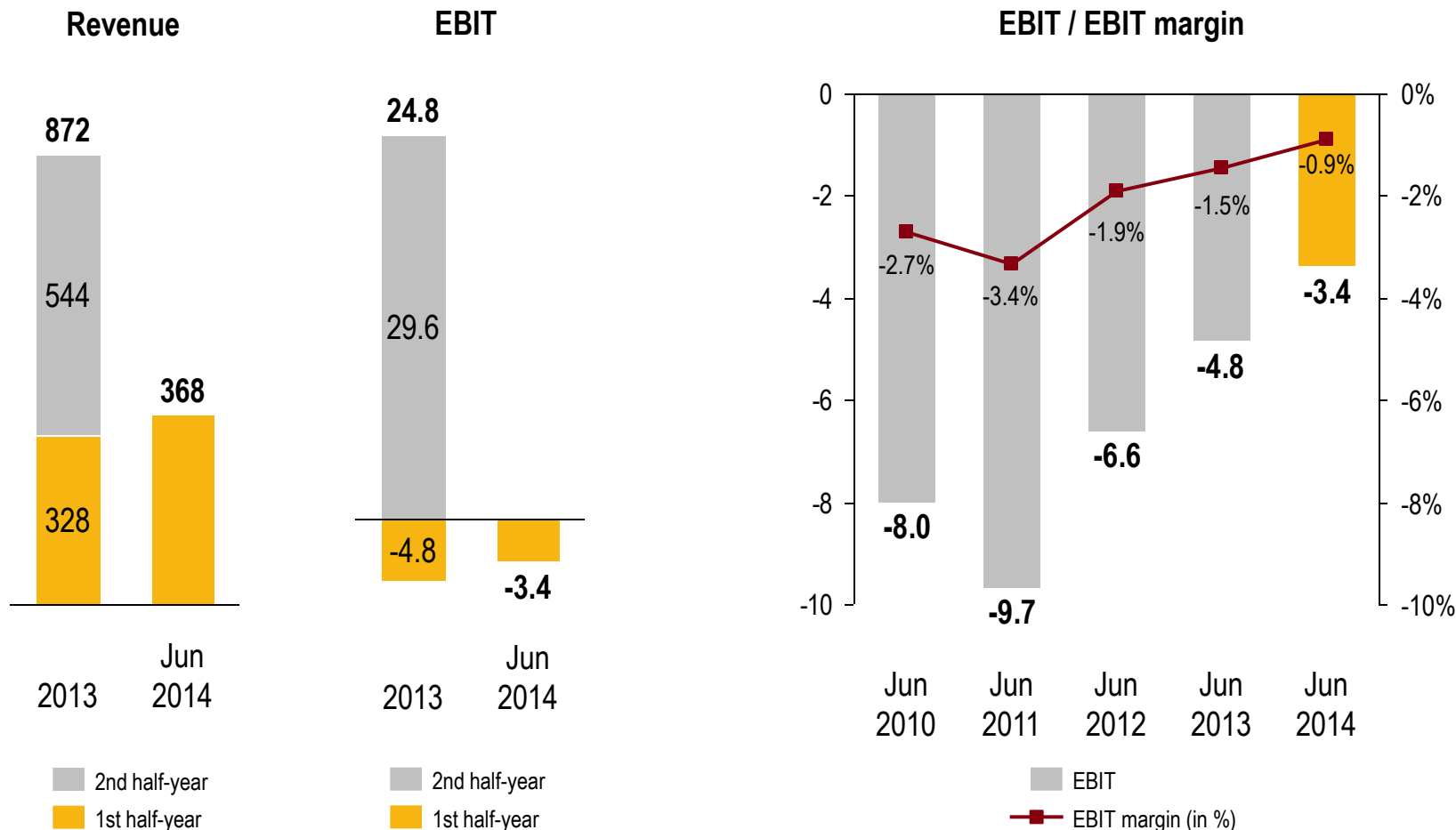
### Highlights

- Opening of the Zurich cross-city link
- Successful commissioning of power plant Iffezheim
- Resumed work on the Semmering Base Tunnel

## Our segments

### Construction Switzerland – higher production output and EBIT

in CHF million



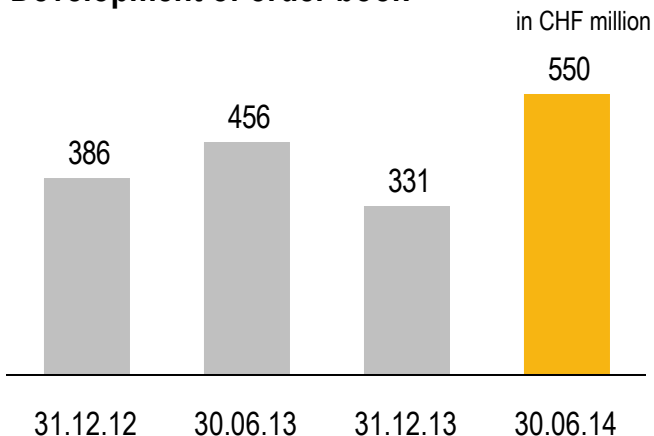
Restated due to segment adjustments



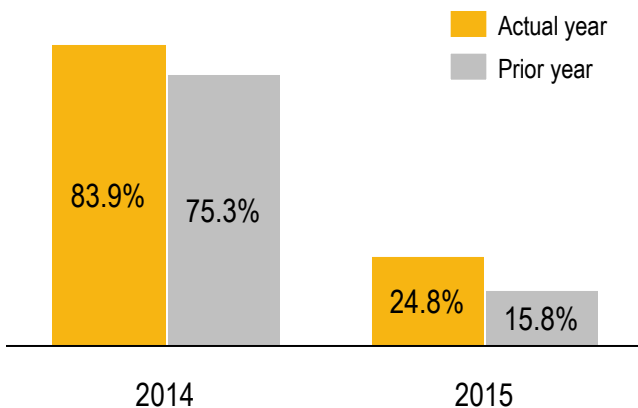
# Our segments

## Construction Switzerland – healthy order books allow optimism

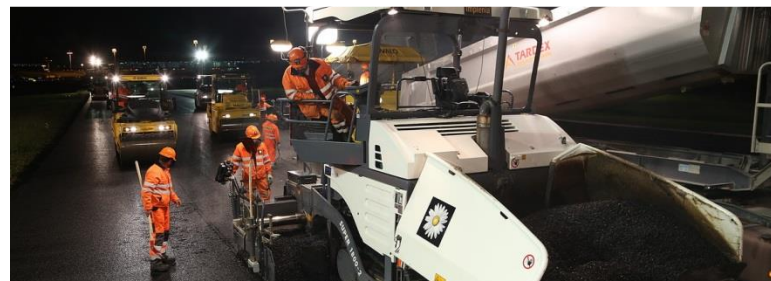
### Development of order book



### Secured revenue



Restated due to segment adjustments



“ARGE Midnight Speed” Zurich Airport

### Market

- High production output
- Portfolio effect: SBB and Federal Roads Office compensate lower demand by some cantons and communities

### Highlights

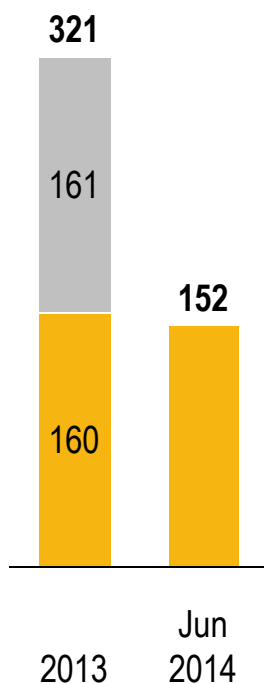
- D-CH: submissions for many major projects made or currently in preparation: A6 Gubrist, tramway Bern, several by-passes
- W-CH: several major projects A1 Gland-Coppet, A9 Sion, “SBB Tunnel” St-Maurice and strong order book render more selective project acceptance possible

# Our segments

## Norge – strengthening structures

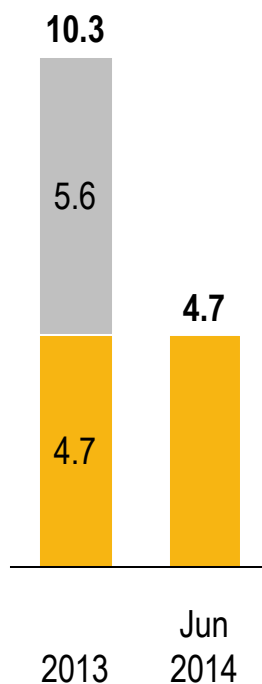
in CHF million

Revenue



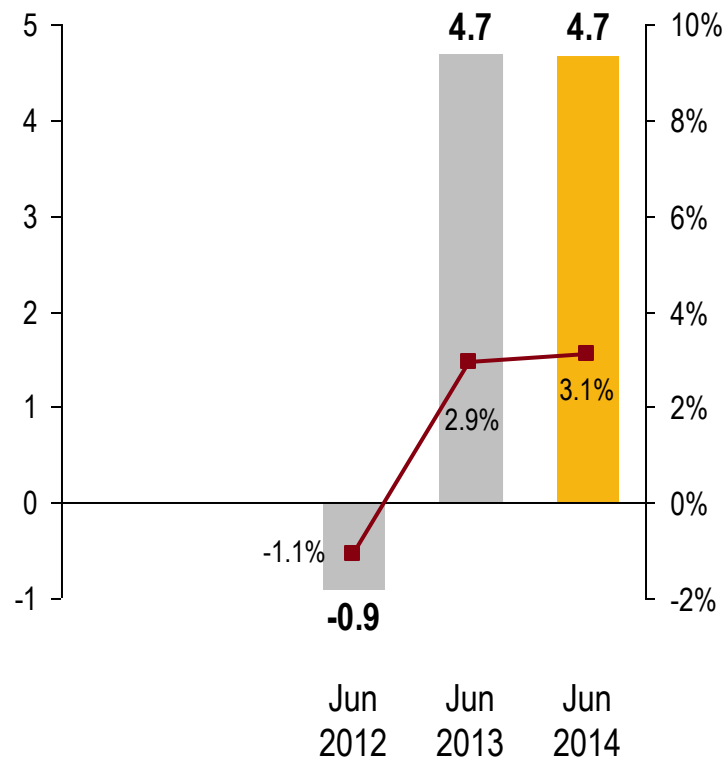
■ 2nd half-year  
■ 1st half-year

EBIT



■ 2nd half-year  
■ 1st half-year

EBIT / EBIT margin

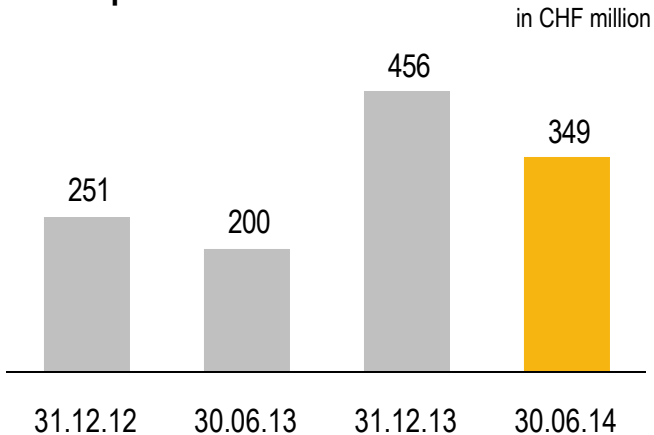


■ EBIT  
—■ EBIT margin (in %)

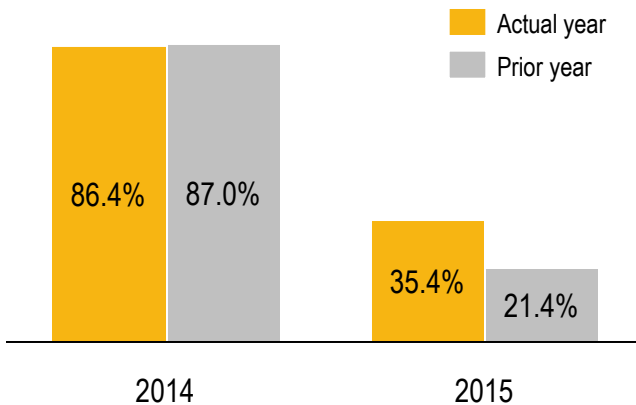
# Our segments

## Norge – set to continue dynamic growth

### Development of order book



### Secured revenue



Tunnel on county road 48 in Tysse

### Market

- Very good prospects for transport-related infrastructure projects
- Increasing competition due to international players in certain sectors

### Highlights

- Implenia established as major player for complex infrastructure projects in Norway
- Investments in management capacities, training, systems and IT prepare the ground for further growth

## Our segments

### EBIT Business Units – with a drop of bitterness

in CHF million	Jun 14	Jun 13	+/- in %
Modernisation & Development	15.8	13.7	5.9%
Buildings	-1.2	10.4	
Tunnelling & Civil Engineering	5.0	4.9	1.8%
Construction Switzerland	-3.4	-7.0	30.1%
Norge	4.7	4.7	0.1%
<b>EBIT Business Units</b>	<b>21.0</b>	<b>26.7</b>	<b>-21.6%</b>

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## IFRS Reporting





# IFRS Reporting

## Consolidated profit below prior year

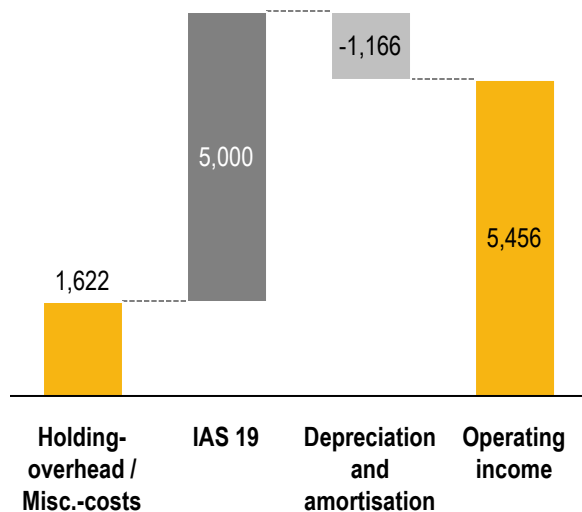
in CHF million	Jun 14	Jun 13	+/- in %
<b>EBIT Business Units</b>	<b>21.0</b>	<b>26.7</b>	-21.6%
Miscellaneous/Holding	5.5	3.4	61.7%
<b>Operating income</b>	<b>26.4</b>	<b>30.1</b>	-12.2%
	1.9%	2.1%	
Financial result	-3.9	-2.0	-101.8%
Tax	-5.5	-6.9	21.3%
<b>Consolidated profit</b>	<b>17.0</b>	<b>21.2</b>	-19.8%
	1.2%	1.5%	
<b>EBITDA</b>	<b>47.6</b>	<b>51.6</b>	-7.8%

# IFRS Reporting

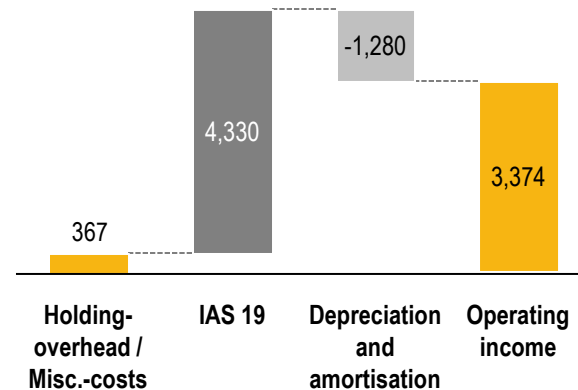
## Miscellaneous/Holding – costs under control

in CHF million

1<sup>st</sup> half-year 2014



1<sup>st</sup> half-year 2013



# IFRS Reporting

## Assets – moderate increase

in CHF million	Jun 14	Jun 13	+/- in %
Cash and cash equivalents, securities	499.7	441.7	
Trade receivables	620.6	595.8	
Work in progress / Joint ventures (equity method)	406.2	374.7	
Real estate transactions	215.5	243.7	
Other current assets	125.0	138.0	
<b>Total current assets</b>	<b>1,867.0</b>	<b>1,793.9</b>	4.1%
<b>Total non-current assets</b>	<b>415.0</b>	<b>402.9</b>	3.0%
<b>Total ASSETS</b>	<b>2,282.0</b>	<b>2,196.8</b>	3.9%

# IFRS Reporting

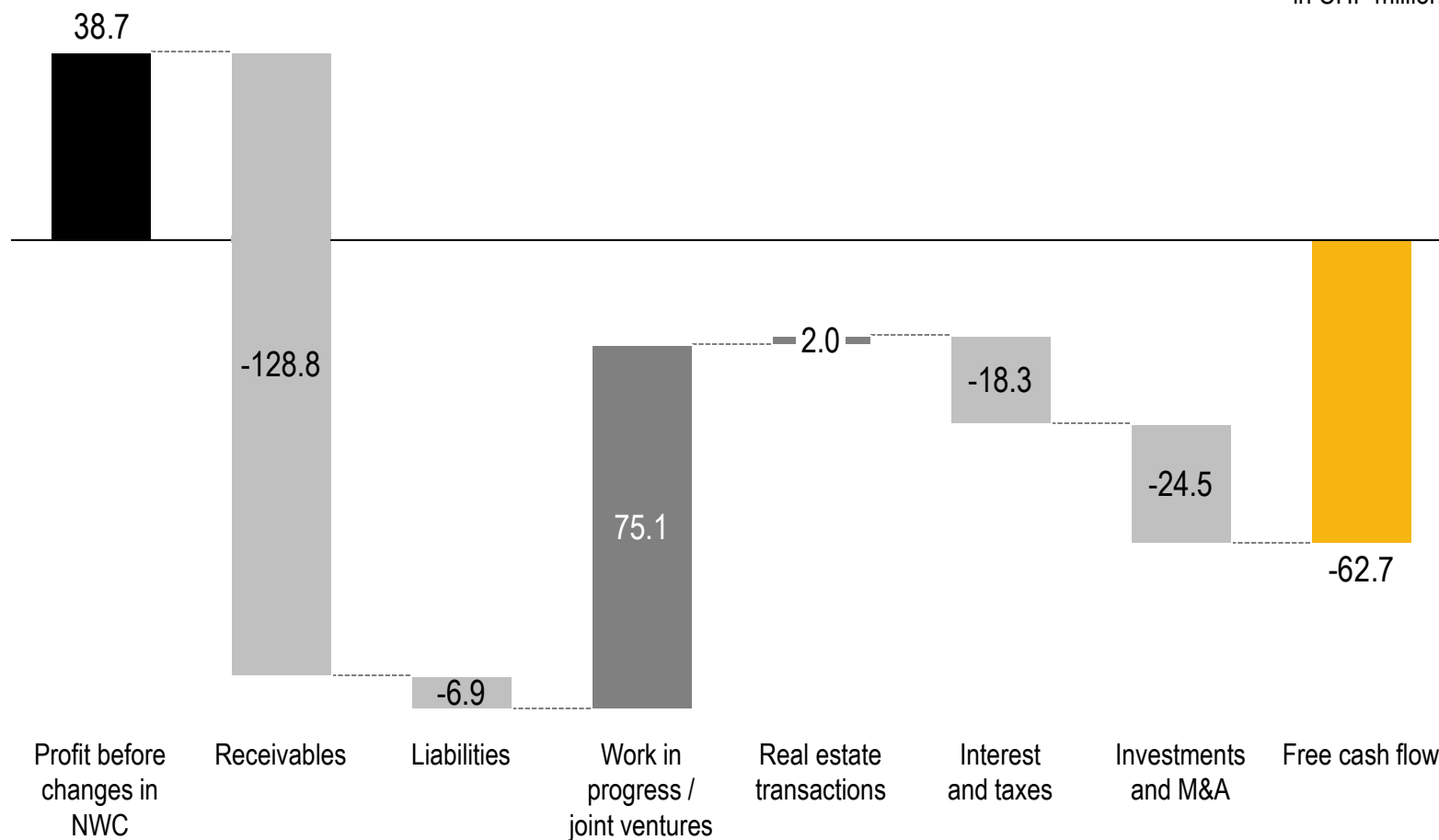
## Liabilities – strong capitalisation reflects high quality

in CHF million	Jun 14	Jun 13	+/- in %
Current financial liabilities	3.5	3.9	
Trade payables	343.9	314.2	
Work in progress / Joint ventures (equity method)	757.2	764.2	
Other non-current liabilities	267.3	254.2	
<b>Total current liabilities</b>	<b>1,371.9</b>	<b>1,336.5</b>	2.6%
Non-current financial liabilities	205.7	210.1	
Other non-current liabilities	2.2	6.9	
Deferred taxes, provisions, pension assets	79.1	83.7	
<b>Total non-current liabilities</b>	<b>287.0</b>	<b>300.7</b>	-4.5%
<b>Equity and non-controlling interests</b>	<b>623.1</b>	<b>559.6</b>	11.3%
<b>Total LIABILITIES</b>	<b>2,282.0</b>	<b>2,196.8</b>	3.9%

# IFRS Reporting

## Cash flow statement – stable compared to prior year

in CHF million



<b>HY 13</b>	44.9	-141.4	89.0	-29.4	7.2	-11.6	-17.2	-58.5
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# IFRS Berichterstattung

## Segment reallocation



Modernisation



Development



Buildings



Tunnelling &  
CE



Construction  
Switzerland



Norge

Wooden Construction  
& Engineering



Buildings / building  
construction Romandie



in TCHF

Reported as of 31.12.13	619	36,543	23,568	20,394	22,543	10,285
Wooden Construction & Engineering	3,041		-3,041			
Buildings / building construction Romandie			-2,214		2,214	
<b>Restated</b>	<b>3,660</b>	<b>36,543</b>	<b>18,313</b>	<b>20,394</b>	<b>24,757</b>	<b>10,285</b>

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## Outlook

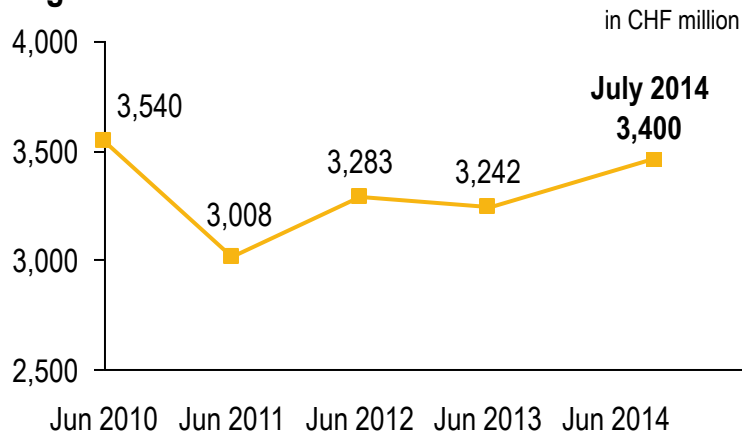




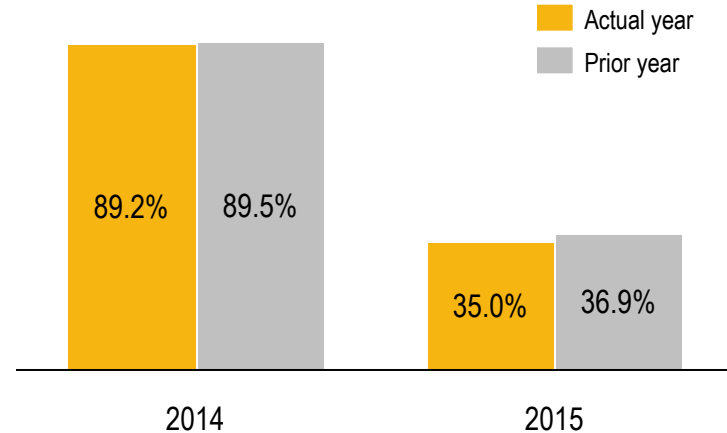
# Outlook

## Full order books are promising

### High order book level



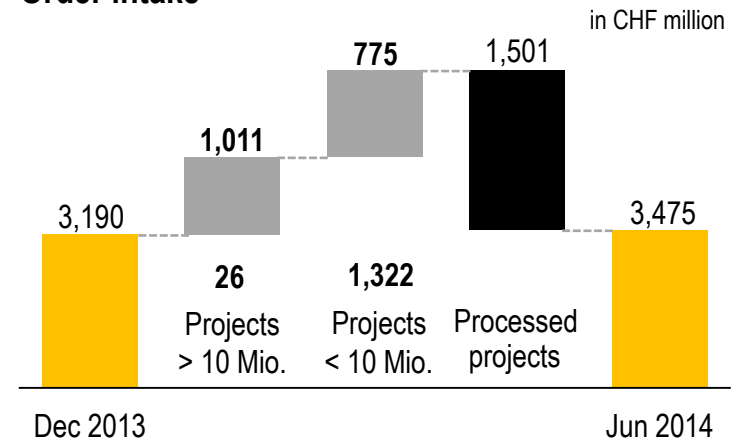
### Secured revenue



### Order book

in CHF million	Jun 14	Jun 13	+/- in %
Modernisation & Development	200	108	84.9%
Buildings	1,585	1,986	-20.2%
Tunnelling & Civil Engineering	791	492	60.7%
Construction Switzerland	550	456	20.7%
Norge	349	200	74.2%
<b>Total order book</b>	<b>3,475</b>	<b>3,242</b>	<b>7.2%</b>

### Order intake



Restated due to segment adjustments

# Outlook

## Confident about the second half-year

### Group

- Thanks to a continuing positive market environment, a leading market position and full order books, Implenia is confident about the second half of 2014
- The operating earnings for 2014 as a whole will exceed CHF 100 million
- The Group is sticking to the medium-term EBIT target of CHF 140-150 million

### Modernisation

### Development

### Buildings

### Tunnelling & CE

### Construction Switzerland

### Norge

Outlook remains positive

Clear positive result expected in the second half of 2014

End of NEAT tunnelling work will lead to a fall in earnings in the second half of the year

High order backlog allows optimism

On target according to plan

# Media and Analysts' Conference

## Implenia Sustainability





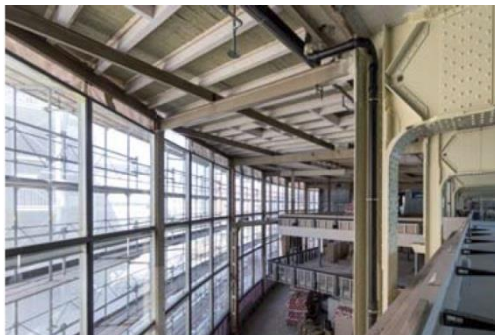
# Implenia Sustainability

## Highlights: what are our specific achievements?



### Sustainable products and services

- 2000-Watt Society promoted with beacon projects
- Commitment to the “Sustainable Construction Switzerland Standard” (SNBS)
- GeNaB consistently used for Implenia developments



### Attractive working environment

- Internal training and development offering expanded
- “Winning the Future” management training successfully implemented



### Respect for the environment

- Energy consumption and CO<sub>2</sub> emissions recorded systematically – platform created for optimisation
- Greenhouse gas emissions from vehicles reduced (e.g. EcoDrive)



# Implenia Sustainability

## Highlights: what are our concrete achievements?



### Social commitment and compliance

- Dialogue with stakeholders further intensified (e.g. discussion evenings)
- Engaged in social projects (e.g. work with sheltered workshops)



### Financial excellence

- Group structures adjusted to the new strategy and implemented operationally
- Processes optimised and reflected in SAP (e.g. procurement)
- Professional Risk Management developed



### Not achieved

- Health & Safety: Accident numbers still too high
- Employees, partners and customers still not yet sufficiently mobilised behind our sustainability strategy



# Implenia Sustainability

## 2014/2015: transparent and measurable goals defined



- Develop sustainable solutions for customers
- Continue promoting 2000-Watt Society
- Take leading role in establishing SNBS



- Internal management training
- Careers as specialists: develop top experts
- Reduce occupational accidents



- Reduce greenhouse gas emissions and primary energy consumption
  - Optimise production equipment
  - Efficiency standards for procurement of equipment and vehicles
- Promote use of recycled materials



# Implenia Sustainability

## 2014/2015: transparent and measurable goals defined



- Code of Conduct: add standards for suppliers and consistent training
- Continue dialogue with wider society
- Develop commitment for causes beyond our core business



- Develop Risk Management and establish across whole Group
- Formulate KPIs specific to the market and the organization
- Continue business management training for middle managers





# Agenda & IR

## Keep in touch

### **Publication of the annual results for 2014**

24<sup>th</sup> February 2015

### **2015 Annual General Meeting of Shareholders**

24<sup>th</sup> March 2015

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