



Indonesia

Half-Year Report 2018

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Implenia[®]

Implenia plans and builds for life. With pleasure.

6,234 (6,077)

Order book
CHF m

2,124 (1,692)

Revenue
CHF m

603 (607)

Equity
CHF m

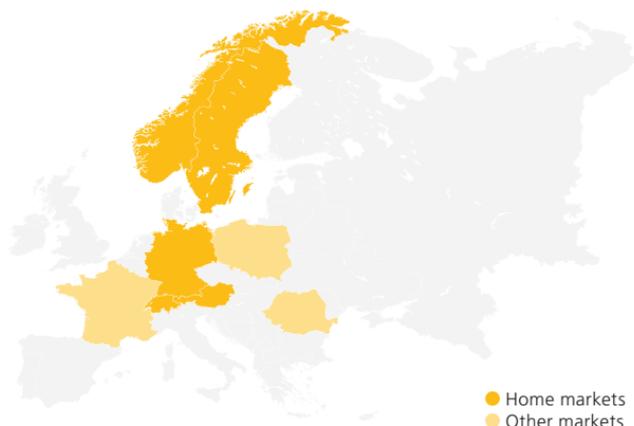
10,187 (9,654)

Employees

5

Home markets

Switzerland
Germany
Austria
Norway
Sweden



Working together as “One Company” through four business segments



Development



Switzerland



Infrastructure

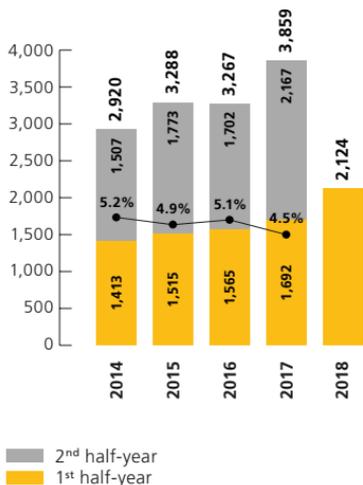


International

KEY FIGURES

Consolidated revenue and EBITDA margin

(in CHF m)



Consolidated key figures

	1.1.–30.6. 2018	1.1.–30.6. 2017	Δ	Δ like for like ¹
	CHF 1,000	CHF 1,000		
Consolidated revenue	2,123,724	1,692,020	25.5%	21.6%
EBIT Business Units excl. PPA	29,504	121		
EBIT Business Units	20,396	(10,410)		
Operating income	18,054	(9,609)		
Consolidated profit excl. PPA	15,303	(4,527)		
Consolidated profit	8,927	(11,899)		
EBITDA	56,035	34,476	62.5%	60.8%
in % of consolidated revenue	2.6%	2.0%		
Free cash flow before acquisitions	(138,874)	(66,546)	(108.7%)	(96.9%)
Net cash position (as at 30.6.)	313,397	276,544	13.3%	11.6%
Equity (as at 30.6.)	603,161	606,560	(0.6%)	(1.5%)
Order book (as at 30.6.)	6,233,980	6,077,418	2.6%	0.8%
Production output	2,146,506	1,756,389	22.2%	18.3%
Workforce (FTE; as at 30.6.)	9,873	9,324	5.9%	

¹ Foreign currency adjusted

Implenia with strong organic growth

Implenia achieved strong organic growth in all segments in the first half-year 2018. This confirms the company's adopted internationalisation strategy. In addition, EBITDA and the high-quality order books are at record highs. The Segments Development and Infrastructure were particularly convincing. The Segment Switzerland also performed well, in spite of the ongoing structural challenges in the German-speaking regional business. The Segment International posted a significantly improved result, although it remains below expectations overall. Implenia can look to the second half-year with confidence thanks to its high order backlog and the continued favourable market environment.

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Dear Shareholders

Implenia achieved significant organic growth in the first half-year. Revenue, order backlog and EBITDA are at their highest levels ever. The strong performance in markets outside Switzerland confirms our internationalisation strategy. This growth constitutes a major step towards the Group's medium-term top-line goal of CHF 5 billion. All segments posted a major increase in revenue and outstanding order backlogs for the reporting period. EBIT also developed well overall, coming close to its record high. Results in the Segments Development and Infrastructure were very good. Implenia also performed well in the Segment Switzerland despite ongoing structural challenges in the German-speaking regional business. The Segment International improved its result considerably, although it failed to meet expectations. Implenia is optimistic about the full year and we anticipate that EBIT (excl. PPA) will far outstrip the company's current record. However, the CHF 140 million target will probably not be achieved this year. The medium-term targets are confirmed.

Strong organic growth

In the first half-year 2018, Implenia generated revenue of CHF 2,124 million (previous year: CHF 1,692 million). Purely organic growth is 22% (foreign-currency adjusted: 18%) and confirming our internationalisation strategy. About 70% of organic growth (foreign-currency adjusted: 60%) came from activities outside Switzerland. At the EBITDA level, the Group posted a result of CHF 56.0 million, compared with CHF 34.5 million in the previous year. If amortisation costs for the intangible assets (PPA) acquired through the acquisitions in Germany are excluded, EBIT for the Business Units came to CHF 29.5 million (previous year: CHF 0.1 million). Operating income (incl. PPA) rose to CHF 18.1 million from CHF –9.6 million in the previous year. During the reporting period, Implenia continued to invest substantially in IT, digitalization and Building Information Modeling (BIM) as well as sustainability. The Group achieved a consolidated profit of CHF 8.9 million (previous year: CHF –11.9 million).

The free cash flow, which is seasonally negative, was down at CHF –138.9 million due to financing required for the strong growth (previous year: CHF –66.5 million). Work in progress and receivables both rose considerably as a result. The Group's operating performance is positive on the whole. The order books are developing extremely well. At the end of June, the order backlog was CHF 6,234 million and therefore above the previous year's highest level of CHF 6,077 million. The relevant markets offer clear growth prospects and Implenia is well positioned to continue to exploit this potential in future.

The potential of internationalisation

The Segment Development again posted an outstanding result in the first semester of 2018, as EBIT reached a new record high of CHF 22.7 million (previous year: CHF 20.4 million) in the first semester of 2018. This corresponds to an increase of about 12% compared to the previous year. The market is good and many projects were successfully completed during the reporting period. Activities are still concentrated in the major growth regions of greater Zurich and along Lake Geneva (the "Arc lémanique"). The full pipeline and high quality of the development projects augur well for the future.

Revenue in the Segment Switzerland rose by about 13% from CHF 1,062 million in the previous year to CHF 1,202 million. Growth in the segment's different Business Units was in line with expectations. As a result, EBIT improved and came to CHF 1.6 million, compared to CHF –15.6 million in the previous year due to one-time adjustments. Business Unit Buildings continued its excellent progress of the second-half 2017 and the modernisation business grew considerably compared with the equivalent period of the previous year. The effect of the optimisation measures in Road Construction and Civil Works in German-speaking Switzerland failed to manifest itself to the extent envisaged. The adjustments of the structural challenges in Swiss regional business are not progressing as quickly as expected.

The Segment Infrastructure has made very good progress. Various major projects have gained momentum since the second half of 2017 and are thus boosting revenue. Revenue increased by 41% to CHF 361.5 million (previous year: CHF 257.0 million) and EBIT (excl. PPA) rose by 36% to CHF 10.6 million (previous year: CHF 7.8 million). This pleasing development is not confined to the Tunnelling and Foundation Engineering projects in the home markets, but also extends to the French market. Revenue growth for the segment as a whole will also translate into dynamic earnings, albeit with a certain time lag. Implenia enjoys an excellent position in infrastructure construction on a national and international level.

The Segment International has yet to meet expectations in spite of a much improved result. The turnaround in Norway is taking considerably longer than originally expected. The hoped for break-even point will not be achieved during the current year. Moreover, the fact that the seasonally weak months of January and February are consolidated for the first time for Hochbau Deutschland weighed on the result. Implenia Hochbau Deutschland nonetheless achieved a good result overall. The other units in the Segment International performed similarly to the previous year. Revenue increased by 35% to CHF 732.3 million (previous year: CHF 541.1 million) and EBIT (excl. PPA) improved compared to the corresponding period of the previous year to CHF –5.5 million (previous year: CHF –12.5 million).

Investments in operational excellence and digitalization

Implenia continues to invest in the future. The internal management system IMS 2.0 is being rolled out across the Business Units and is supplemented by the operating model. This is harmonising standardised and Group-wide processes. The implementation of the digitalization strategy is proceeding as planned. Investments are also ongoing in the “Kairos” project to harmonise ERP systems (SAP R4/HANA) and BIM software RIB iTWO – the end-to-end solution for construction processes. The aim is to support all the operating units through a modern digital solution in the years to come.

Commitment to sustainability

We will present our fourth sustainability report in August 2018. It complies with the latest GRI Guidelines and provides a detailed account of Implenia’s commitment to sustainability during the 2016/2017 reporting period. We added impetus to the topic through various initiatives during this period. Nonetheless, there is still a lot more potential for development, for example concerning supplier management or the ecological footprint on construction sites. Furthermore, the recent increase to the syndicated loan shows that sustainability efforts also make a noticeable difference in terms of financial excellence. Implenia is the first industrial company in Switzerland to partially link the applicable credit spread to its sustainability performance as measured by Sustainalytics.

Moreover, Implenia is embarking on a new path by publishing the report. In future, we will no longer communicate our sustainability activities at set intervals, instead we will report online on an ongoing basis. This will enable Implenia to provide its stakeholders with a continual and updated overview of all Group initiatives in the megatrends of mobility, energy transition, urban sprawl and resource scarcity.

Medium-term targets confirmed

Against the backdrop of record-breaking order books and the sound market environment, Implenia expects its positive development to continue in the second half of 2018, even if the CHF 140 million threshold is unlikely to be met during the current year. Earnings momentum should, however, pick up during the second half of the year and that will result in the full year being substantially better than the previous one. Besides revenue and EBITDA, Implenia will also achieve a new record if Business Units' EBIT reaches around CHF 130 million as expected. The medium-term goals communicated in spring 2017 of a top-line volume of about CHF 5 billion and an EBITDA margin between 5.25% and 5.75% are confirmed.

Thanks

The challenges have not diminished during this financial year. It is our employees who meet these challenges by making an outstanding contribution every day. We thank them most sincerely on behalf of the Board of Directors and the Group Executive Board. We would also like to thank our customers and you, dear shareholders, for the confidence and trust you place in us. You provide the foundation on which we build.



Hans Ulrich Meister
Chairman of the Board of Directors



Anton Affentranger
CEO



From initial idea through to finished building project – Implenia is Switzerland's leading real estate developer.

601,428 (622,427)

Land reserves (m²)¹

159 (171)

Real estate portfolio (CHF m)¹

4,194 (5,151)

Homes in development (number)¹

58 (61)

Workforce (FTE)¹

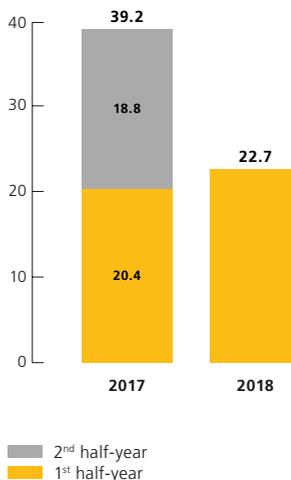
Development

The Segment Development includes all the Group's activities in real estate project development. In the reporting period, the segment achieved an outstanding result, above the previous year, driven by positive market conditions in the central regions and by the high quality of the project portfolio.

Segment convinces with a new record result

- Strong result significantly higher than previous year
- Full project pipeline and good portfolio quality bode well for the future
- Foundation stone laid for the first building in Lokstadt, Winterthur

EBIT Development (in CHF m)



DEVELOPMENT

EBIT increased in the first semester of 2018 to CHF 22.7 million (previous year: CHF 20.4 million). This equates to a significant increase of approximately 12% compared to the previous year. The market is good and many projects were completed during the reporting period. Activities are still concentrated in the major growth regions of greater Zurich and along Lake Geneva (the "Arc lémanique"). The full pipeline and high quality of the development projects provide an excellent platform to maintain the current success in the future.

Implenia sold all the owner-occupied apartments in the "Haus Krokodil" in Lokstadt on the former Sulzer site in Winterthur within a very short time. The foundation stone for the first building in the new district was laid at the beginning of the summer. In addition, the health organisation SWICA came on board as an investor and anchor tenant of the site. The architecture contour processes for the two development projects "Elefant" and "Bigboy" were concluded in the first semester. In the next few years, Implenia will complete the first 2,000-Watt site in Winterthur (Lokstadt) with living, working and leisure areas. Additional highlights in the first half-year include the "Rue du Temple" project in Rolle with residential, office and commercial space and the "West-Log" project in Zurich Altstetten where Implenia convinced the investor with an innovative and forward-looking concept.

Key figures Development

	1.1.–30.6.2018	1.1.–30.6.2017	Δ	1.1.–31.12.2017
	CHF 1,000	CHF 1,000		CHF 1,000
EBIT	22,748	20,367	11.7%	39,241
EBITDA	23,058	20,681	11.5%	39,866
Workforce (FTE; as at reporting date)	58	61	(4.9%)	60



Under its “One Company” approach, Implenia is providing all the required services over the entire life cycle of the “KIM” construction project in Winterthur Neuhegi.

Key projects

KIM, Winterthur Neuhegi

Implenia is developing and constructing the “KIM” residential and commercial building project in Winterthur Neuhegi as a total contractor. The residential building in this “One Company” project is built as a wooden construction from the first floor. The project contributes to the 2,000-Watt society as it has Minergie-P certification. The locality and the city of Winterthur are included in the project development for area-overlapping interests.

Les Jardins de la Croix-de-Rozon, Bardonnex

To counter the housing shortage in the Geneva region, Implenia is developing and constructing 38 rental properties in the municipality of Bardonnex as a total contractor. The residential development has been awarded “Très Haute Performance Énergétique (THPE)” (very high energy efficiency) certification, which is awarded to buildings with energy consumption of 20% lower than average. The project is currently being marketed to investors and is scheduled for sale at the end of 2018.



Generalist for Swiss construction – from Buildings and Modernisation, to Road Construction and Civil Works.

3,278 (2,941)

Order book (CHF m)¹

89% (91%)

Visibility^{1,3}

1,214 (1,089)

Production output (CHF m)²

3,704 (3,824)

Workforce (FTE)¹

1 As at 30.6.

2 1.1.–30.6.

3 Visibility: assured production output current year/expected production output current year

Switzerland

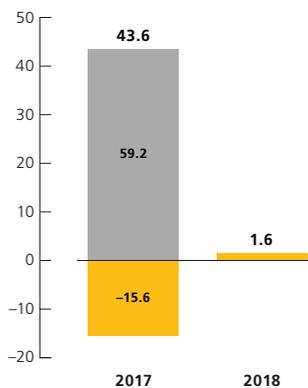
The Segment Switzerland, including Implenia's services for Buildings (General and Total Contracting, Modernisation) plus Road Construction and Civil Works (including production plants), displays a striking revenue growth. The order backlog increased again in the first semester. While earnings were strong from Buildings, the effect of the optimisation measures in Road Construction and Civil Works in German-speaking Switzerland is not yet fully apparent.

Good result

- Buildings maintains excellent progress
- Modernisation significantly improves the result
- The order backlog remains at a very high level

EBIT Switzerland

(in CHF m)



■ 2nd half-year
■ 1st half-year

The Group posted major revenue growth in the Segment Switzerland, rising by about 13% compared to the previous year to CHF 1,202 million (previous year: CHF 1,062 million). As a result, EBIT came to CHF 1.6 million, compared to CHF –15.6 million in the previous year due to one-time adjustments.

Business Unit Buildings maintained its excellent progress from the second half of 2017. Modernisation business increased over the same period last year. The structural challenges remain in Road Construction and Civil Works, whereby the initiated optimisation measures are coming into effect. However, this is not yet reflected in the half-year figures to the extent envisaged.

The segment has performed well in terms of order acquisition. In regional business, Implenia, in conjunction with three partners, was commissioned in early summer to build a motorway enclosure in Zurich Schwamendingen. Moreover, the Group successfully tendered for high-quality orders in building construction.

In Vernier near Geneva, Implenia is constructing as a total contractor plot E of the new “Quartier de l’Étang” district. The contract is worth around CHF 70 million. In Aarau, the Group is working on the “Furnierwerk” project and in Bern on the “Bernapark” – both attractive mandates and each in the high double-digit millions.

Implenia increased volumes compared to the previous year, while also maintaining its discipline in the bidding process. At the end of June, the order backlog remained at a very high level of CHF 3,278 million (previous year: CHF 2,941 million).

Key figures Switzerland

	1.1.–30.6.2018	1.1.–30.6.2017	Δ	1.1.–31.12.2017
	CHF 1,000	CHF 1,000		CHF 1,000
Revenue	1,202,081	1,062,322	13.2%	2,344,381
EBIT	1,598	(15,568)		43,626
EBITDA	10,206	(5,915)		62,768
Order book (as at reporting date)	3,277,631	2,941,308	11.4%	2,956,197
Production output	1,214,410	1,088,564	11.6%	2,356,438
Workforce (FTE; as at reporting date)	3,704	3,824	(3.1%)	3,637



The ultra-high performance fibre reinforced concrete (UHPC) used for the first time in Switzerland for maintaining the A4 Küssnacht–Brunnen motorway has contributed to reducing the construction time.

Key projects

Maintenance of the A4 Küssnacht–Brunnen motorway

Implenia has been mandated by the Federal Roads Office (FEDRO) as the overall and technical lead contractor in a consortium for maintaining the A4 between Küssnacht and Brunnen. In addition to renovating the four-kilometre long stretch, the work involves maintenance of seven bridges and two tunnels. One particular challenge of this project is replacing the patches, road reinforcement and sealing of the Boli, Mettlen and Linden bridges in one operation using ultra-high performance fibre reinforced concrete (UHPC). This modern construction material is being used in Switzerland for the first time on major road network bridges without additional sealing as a pilot project.

New Office Building at the United Nations Office, Geneva

Implenia has been awarded a contract by the United Nations to build a new office building at the Palais des Nations in Geneva. With the support of local and international partners, it is constructing the new building following LEED standards (Leadership in Energy and Environmental Design) on a plot of approximately 25,000 m². The building will have open-plan work spaces, as well as terraces and enclosed outdoor areas on each floor. This is the first project in which Implenia is implementing its new “Chantier Marguerite” sustainability initiative.



Large and complex Tunnelling and Foundation Engineering infrastructure projects in the home markets and beyond.

1,187 (1,454)

Order book (CHF m)¹

93% (94%)

Visibility^{1,3}

391 (273)

Production output (CHF m)²

1,164 (1,024)

Workforce (FTE)¹

1 As at 30.6.

2 1.1.–30.6.

3 Visibility: assured production output current year/expected production output current year

Infrastructure

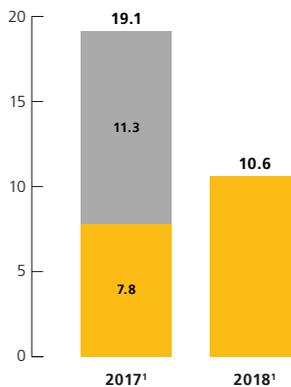
Implenia is well positioned through its Segment Infrastructure, specialised in Tunnelling and Foundation Engineering in Europe, to exploit the market opportunities created by the infrastructure megatrend in its home markets and beyond. Volume and result development were both very positive in the first half-year.

Very good result above the previous year

- Result above prior-year level and expectations
- Activity in major projects is gaining momentum
- Positive effects for revenue and the result

EBIT Infrastructure

(in CHF m)



■ 2nd half-year
■ 1st half-year

¹ Excluding PPA

A number of major projects in the Segment Infrastructure – especially in the international markets – were already gaining momentum in the second half of 2017. This dynamism continued in the first half of the current financial year. Revenue increased by 41% to CHF 361.5 million (previous year: CHF 257.0 million) and EBIT (excl. PPA) is CHF 10.6 million, a significant increase of 36% (previous year: CHF 7.8 million). A consequence of this major volume growth is the lower EBIT margin.

The segment secured orders in the first half-year, for example, in Sweden with the upgrade of the double track between Varberg and Hamra. In France, Implenia has gained two major infrastructure projects, one at the Swiss-French border for the European Laboratory for Particle Physics (CERN) and the other an expansion of a metro line in Lyon. This shows that the strategy applied to the French market is yielding results. Furthermore, these orders underline the Group's strong position in European infrastructure construction.

The outlook for the segment is also positive overall as shown, for example, by the excellent order backlog at the end of June to the value of CHF 1,187 million (previous year: CHF 1,454 million).

Key figures Infrastructure

	1.1.–30.6.2018	1.1.–30.6.2017	Δ	1.1.–31.12.2017
	CHF 1,000	CHF 1,000		CHF 1,000
Revenue	361,489	256,965	40.7%	572,473
EBIT excl. PPA	10,610	7,785	36.3%	19,133
EBIT	9,316	5,502	69.3%	14,419
EBITDA	18,338	20,503	(10.6%)	49,241
Order book (as at reporting date)	1,187,128	1,453,549	(18.3%)	1,340,700
Production output	391,157	273,210	43.2%	615,444
Workforce (FTE; as at reporting date)	1,164	1,024	13.7%	1,131



The first of two tunnel boring machines goes to work on Semmering Base Tunnel, Lot 2.1, “Fröschnitzgraben Tunnel”.

Key projects

Semmering Base Tunnel, Lot 2.1, “Fröschnitzgraben Tunnel”

Semmering Base Tunnel provides a future-oriented and efficient connection on the new Southern Line in Austria. Drilling and blasting with sprayed concrete lining are being used in the “Fröschnitzgraben” tunnel section. One part is also being made with segment lining using tunnel boring machines. The two single-track tunnel tubes of 13 kilometres each are being constructed as part of a joint venture led by Implenia.

Ligerz safety tunnel

In parallel to the current single-tube Ligerztunnel between La Neuveville and Twann, Implenia is building a safety tunnel as part of a consortium for the Federal Roads Office (FEDRO). The tunnel is accessible from the main tunnel at 300-metre intervals and offers a means of escape in the event of a fire. A tunnel boring machine with a diameter of just under five metres was used for the propulsion. The rock tunnelling was done through blasts with vibration monitoring in the connecting tunnels and vertical shafts to prevent karst water penetration. The safety tunnel was lined with fibre-reinforced shotcrete.



Regional civil works in Germany, Austria, Norway and Sweden – with enhanced building construction capabilities in German-speaking countries.

1,769 (1,683)

Order book (CHF m)¹

91% (92%)

Visibility^{1,3}

734 (563)

Production output (CHF m)²

3,319 (3,253)

Workforce (FTE)¹

1 As at 30.6.

2 1.1.–30.6.

3 Visibility: assured production output current year/expected production output current year

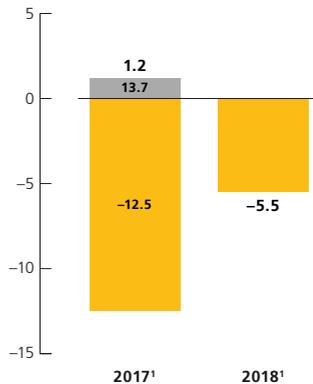
International

The Segment International with regional business in Germany, Austria, Norway and Sweden plus the building construction in Germany and Austria improved the result in the first half of 2018 compared to the previous year, although its performance failed to meet expectations.

Result clearly better than the previous year

- Growth in Germany thanks to first-time full-year consolidation of building construction
- Improved result by annual comparison
- Positive outlook in the home markets

EBIT International (in CHF m)



■ 2nd half-year
■ 1st half-year

1 Excluding PPA

The Segment International achieved a 35% increase in revenue to CHF 732.3 million (previous year: CHF 541.1 million). EBIT (excl. PPA) improved compared to the corresponding period of the previous year to CHF –5.5 million (previous year: CHF –12.5 million). Building construction in Germany was consolidated for the first time for the full twelve months in the current financial year. Thus, the two months of January and February are included in the result, as opposed to the previous year. They are naturally weak due to seasonal factors, which has a dampening effect on earnings development. Nonetheless, Implenia Hochbau Deutschland posted a positive overall performance. The recovery in Norway is taking longer than expected. With the new CEO Audun Aaland, the Norwegian business has a proven construction expert at the helm with extensive technical experience of projects. Despite having made progress, the Business Unit will not break even this year. The other Business Units in the Segment International are developing as expected with similar results to the previous year.

The segment secured the contracts for a government building in Mannheim, the “Neue Technische Rathaus”, the residential and commercial areas in the “Berswordtstrasse district” in Dortmund and the Mülheimer bridge in Cologne.

At the end of June 2018, the order backlog came to CHF 1,769 million, up from the previous year’s CHF 1,683 million, an increase of about 5%.

Key figures International

	1.1.–30.6.2018	1.1.–30.6.2017	Δ	1.1.–31.12.2017
	CHF 1,000	CHF 1,000		CHF 1,000
Revenue	732,265	541,123	35.3%	1,310,210
EBIT excl. PPA	(5,452)	(12,463)	56.3%	1,195
EBIT	(13,266)	(20,711)	35.9%	(31,812)
EBITDA	4,975	(3,249)		20,050
Order book (as at reporting date)	1,769,221	1,682,561	5.2%	1,746,364
Production output	734,409	563,005	30.4%	1,308,761
Workforce (FTE; as at reporting date)	3,319	3,253	2.0%	3,229



The narrow-gauge “Roslagsbanan” urban railway connects the centre of Stockholm to its northeastern suburbs.

Key projects

Båthamnsvägen, Stockholm

In Åkersberga, about 35 kilometres north of Stockholm, Implenia is expanding the capacity and security of the suburban line “Roslagsbanan” as a total contractor. The project includes the construction of two railway bridges and four retaining walls. The railway line will also be raised by five metres over a 700-metre stretch to provide secure access under the bridge for public transport and street traffic. The direct proximity of rail traffic to the construction site places high demands on the building site logistics and occupational safety.

“Atlas” office building, Munich

The high-rise office building on Rosenheimer Strasse 143 is acquiring a new look. The existing, gutted building shell of the 14-floor high-rise building will be converted into a five to six-floor plaza building with large terraces and two inner courtyards. The glass element facade in particular gives the entire project a fundamentally different character. Implenia has the technical lead in a consortium. The striking city building has LEED gold standard certification. The inner city location poses a special logistical and structural engineering challenge.



Sustainability Report

In the fourth edition of its Sustainability Report, Implenia reports on the latest developments regarding its goals, adopted measures and progress made.

The new Implenia Sustainability Report is published with the Half-Year Report in August 2018 and focuses mainly on the 2016/2017 period. The format will change from this year to ongoing online reporting. This will provide readers with an up-to-date insight into the goals, measures and progress made in the five key areas “Sustainable products and services”, “Attractive working environment”, “Protecting the environment”, “Social engagement and compliance” and “Financial and operational excellence”.

The report was issued according to the latest Global Reporting Initiative (GRI) standards and is only available in digital form.

sustainability.implenia.com



Interim Financial Report

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Consolidated income statement

		1.1.–30.6.2018	1.1.–30.6.2017
	Notes	CHF 1,000	CHF 1,000
Consolidated revenue	5	2,123,724	1,692,020
Materials and subcontractors		(1,376,751)	(1,067,794)
Personnel expenses		(519,371)	(471,742)
Other operating expenses		(174,234)	(122,108)
Depreciation and amortisation		(37,981)	(44,085)
Income from associates		2,667	4,100
Operating income	5	18,054	(9,609)
Financial expenses		(6,804)	(7,787)
Financial income		653	1,343
Profit before tax		11,903	(16,053)
Tax		(2,976)	4,154
Consolidated profit		8,927	(11,899)
Attributable to:			
Shareholders of Implenla Ltd.		6,744	(12,987)
Non-controlling interests		2,183	1,088
Earnings per share (CHF)			
Basic earnings per share	13	0.37	(0.71)
Diluted earnings per share	13	0.37	(0.71)

Consolidated statement of comprehensive income

		1.1.–30.6.2018	1.1.–30.6.2017
	Notes	CHF 1,000	CHF 1,000
Consolidated profit		8,927	(11,899)
Remeasurement of post-employment benefits	6	(16,361)	(4,332)
Income tax on remeasurement of post-employment benefits		3,587	953
Total items that will not be reclassified to income statement in the future		(12,774)	(3,379)
Changes from cash flow hedges		(11)	174
Changes from net investment hedges		793	–
Foreign exchange differences		(990)	1,081
Total items that will be reclassified to income statement in the future		(208)	1,255
Other comprehensive income		(12,982)	(2,124)
Attributable to:			
Shareholders of Implenla Ltd.		(12,999)	(2,104)
Non-controlling interests		17	(20)
Total comprehensive income		(4,055)	(14,023)
Attributable to:			
Shareholders of Implenla Ltd.		(6,255)	(15,091)
Non-controlling interests		2,200	1,068

Consolidated balance sheet

ASSETS		30.6.2018	31.12.2017	30.6.2017
	Notes	CHF 1,000	CHF 1,000	CHF 1,000
Cash and cash equivalents		821,279	985,443	759,655
Derivative financial instruments		2,030	444	729
Trade receivables	2,7	542,755	547,353	558,484
Work in progress	2,8	429,191	304,535	309,389
Joint ventures (equity method)		70,019	51,916	63,376
Income tax receivables		10,946	10,765	9,522
Other receivables		52,632	52,830	53,806
Raw materials and supplies		60,967	56,276	50,417
Real estate transactions	9	158,742	158,055	171,205
Accrued income and prepaid expenses		33,266	19,497	31,437
Total current assets		2,181,827	2,187,114	2,008,020
Property, plant and equipment		289,684	291,860	300,561
Investment property		14,724	15,014	14,624
Investments in associates		49,788	51,294	52,957
Other financial assets		10,102	10,390	9,919
Pension assets		5,707	5,745	6,439
Intangible assets		322,046	332,314	340,288
Deferred tax assets		3,843	3,263	3,676
Total non-current assets		695,894	709,880	728,464
Total assets		2,877,721	2,896,994	2,736,484

The consolidated balance sheet as at 30 June 2018 is comparable with previous years if note 2 is taken into account.

EQUITY AND LIABILITIES		30.6.2018	31.12.2017	30.6.2017
	Notes	CHF 1,000	CHF 1,000	CHF 1,000
Financial liabilities	10	8,341	3,935	2,091
Derivative financial instruments		1,216	211	416
Trade payables		475,110	372,606	364,703
Work in progress	8	852,845	942,894	837,624
Joint ventures (equity method)		32,156	25,154	31,619
Tax liabilities		21,279	42,088	22,089
Other liabilities		82,384	79,014	77,774
Prepaid income and accrued expenses		154,863	136,739	153,211
Provisions		17,773	14,651	25,690
Total current liabilities		1,645,967	1,617,292	1,515,217
Financial liabilities	10	499,541	492,995	481,020
Other liabilities		–	–	1,900
Deferred tax liabilities	2	56,283	62,258	75,272
Pension liabilities		18,781	19,080	20,462
Provisions		53,988	50,460	36,053
Total non-current liabilities		628,593	624,793	614,707
Share capital	11	18,841	18,841	18,841
Treasury shares	11	(8,661)	(14,090)	(11,894)
Reserves	2	565,601	592,618	593,105
Consolidated profit attributable to shareholders		6,744	35,779	(12,987)
Equity attributable to shareholders		582,525	633,148	587,065
Non-controlling interests	2	20,636	21,761	19,495
Total equity		603,161	654,909	606,560
Total equity and liabilities		2,877,721	2,896,994	2,736,484

The consolidated balance sheet as at 30 June 2018 is comparable with previous years if note 2 is taken into account.

Consolidated statement of changes in equity

	Notes	Share capital CHF 1,000	Treasury shares CHF 1,000
Equity as at 31.12.2017		18,841	(14,090)
Implementation effect from first application of IFRS 15	2	-	-
Equity as at 1.1.2018		18,841	(14,090)
Consolidated profit		-	-
Other comprehensive income		-	-
Total comprehensive income		-	-
Dividends		-	-
Change in treasury shares		-	5,429
Share-based payments		-	-
Change in non-controlling interests		-	-
Total other changes in equity		-	5,429
Total equity as at 30.6.2018		18,841	(8,661)
Equity as at 1.1.2017		18,841	(5,498)
Consolidated profit		-	-
Other comprehensive income		-	-
Total comprehensive income		-	-
Dividends		-	-
Change in treasury shares		-	(6,396)
Share-based payments		-	-
Change in non-controlling interests		-	-
Total other changes in equity		-	(6,396)
Total equity as at 30.6.2017		18,841	(11,894)

Reserves						
Capital reserves	Foreign exchange differences	Cash flow hedge reserves	Retained earnings	Total shareholders' equity	Non-controlling interests	Total equity
CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
91,938	(27,064)	119	563,404	633,148	21,761	654,909
-	-	-	(13,793)	(13,793)	(403)	(14,196)
91,938	(27,064)	119	549,611	619,355	21,358	640,713
-	-	-	6,744	6,744	2,183	8,927
-	(224)	(11)	(12,764)	(12,999)	17	(12,982)
-	(224)	(11)	(6,020)	(6,255)	2,200	(4,055)
-	-	-	(36,620)	(36,620)	(1,359)	(37,979)
616	-	-	(1,486)	4,559	-	4,559
-	-	-	1,486	1,486	-	1,486
-	-	-	-	-	(1,563)	(1,563)
616	-	-	(36,620)	(30,575)	(2,922)	(33,497)
> 92,554	(27,288)	108	506,971	582,525	20,636	603,161
91,642	(37,389)	(142)	577,324	644,778	20,728	665,506
-	-	-	(12,987)	(12,987)	1,088	(11,899)
-	1,101	174	(3,379)	(2,104)	(20)	(2,124)
-	1,101	174	(16,366)	(15,091)	1,068	(14,023)
-	-	-	(36,612)	(36,612)	(933)	(37,545)
386	-	-	(2,052)	(8,062)	-	(8,062)
-	-	-	2,052	2,052	-	2,052
-	-	-	-	-	(1,368)	(1,368)
386	-	-	(36,612)	(42,622)	(2,301)	(44,923)
> 92,028	(36,288)	32	524,346	587,065	19,495	606,560

Consolidated cash flow statement

		1.1.–30.6.2018	1.1.–30.6.2017
	Notes	CHF 1,000	CHF 1,000
Consolidated profit		8,927	(11,899)
Tax		2,976	(4,154)
Financial result		6,151	6,444
Depreciation and amortisation		37,981	44,085
Result from sale of non-current assets		(604)	(1,484)
Income and distribution from associates		735	(50)
Change in provisions		6,999	(2,119)
Change in pension assets and liabilities		(16,404)	(4,539)
Change in net working capital			
Change in trade and other receivables	2	(77,531)	93,586
Change in work in progress (net), raw materials and supplies	2	(153,344)	(41,698)
Change in real estate transactions		(687)	14,426
Change in trade payables and other liabilities		109,117	(76,920)
Change in accruals and joint ventures (equity method)		(12,306)	(24,819)
Other expenses/income not affecting liquidity		(1,624)	(4,706)
Interest paid		(3,057)	(2,377)
Interest received		191	525
Tax paid		(22,099)	(19,516)
Cash flow from operating activities		(114,579)	(35,215)
Investments in property, plant and equipment		(27,220)	(35,780)
Disposals of property, plant and equipment		2,869	3,538
Investments in other financial assets and associates		–	(246)
Disposals of other financial assets and associates		1,122	1,204
Investments in intangible assets		(1,066)	(47)
Acquisition of subsidiaries		–	13,687
Cash flow from investing activities		(24,295)	(17,644)

	1.1.–30.6.2018	1.1.–30.6.2017
	CHF 1,000	CHF 1,000
Increase in financial liabilities	9,223	64,950
Repayment of financial liabilities	(1,613)	(1,261)
Change in treasury shares	6,045	(6,010)
Dividends	(36,620)	(36,612)
Cash flow with non-controlling interests	(1,219)	(933)
Cash flow from financing activities	(24,184)	20,134
Foreign exchange differences on cash and cash equivalents	(1,106)	677
Change in cash and cash equivalents	(164,164)	(32,048)
Cash and cash equivalents at the beginning of the period	985,443	791,703
Cash and cash equivalents at the end of the period	821,279	759,655

Notes to the interim financial report of Implenia

1 General information

Implenia Ltd. is a Swiss public limited company incorporated in Dietlikon, Zurich. The shares of Implenia 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.

The interim financial report as at 30 June 2018 was approved by the Board of Directors of Implenia Ltd. on 20 August 2018. The interim financial report as at 30 June 2018 was not audited by the statutory auditor PricewaterhouseCoopers Ltd., Zurich. Unless otherwise stated, the figures in the interim financial report are stated in thousands of Swiss francs.

2 Summary of significant accounting policies

This interim financial report covers Implenia Ltd. and its subsidiaries for the reporting period ended 30 June 2018. The interim financial report was prepared in accordance with IAS 34 "Interim Financial Reporting". As the report does not contain all the notes and comments required for the Annual Report, it should be read in conjunction with the consolidated financial statements as at 31 December 2017, which were prepared in accordance with the International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB).

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.

The accounting policies applied to this interim financial report are identical to those applied and described in the financial report 2017, with the exception of the following standards, which have been applied for the first time to the financial year starting on 1 January 2018:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

The new standard IFRS 16 "Leases" will be applied from 1 January 2019. Implenia did not opt for early application of this standard.

The material impact of the new standards on this interim financial report is shown as follows.

IFRS 9 Financial Instruments

IFRS 9 “Financial Instruments” replaces the previous standard IAS 39 “Financial Instruments: Recognition and Measurement”. The standard contains guidelines on the classification and measurement of financial assets and liabilities. It also contains provisions for recognising impairment charges and for hedge accounting.

The conversion to IFRS 9 has no material impact on the measurement of the financial assets and liabilities of Implenia. The new standard has an impact on the classification of financial instruments. The classification of financial instruments is provided in note 12.

Under the new regulation, assets previously classified as “available for sale” may be assigned to assets at fair value through other comprehensive income or at fair value through profit or loss. Implenia classifies such assets as at fair value through other comprehensive income. When the asset is derecognised, cumulative fair value adjustments are not reclassified to the income statement.

Under IFRS 9, the methods for recognising allowances for financial instruments have been changed. For trade receivables and work in progress (assets), allowances are calculated in the amount of the expected credit losses over the term. Regarding this, Implenia periodically analyses the credit losses incurred in the past and also estimates anticipated credit losses based on economic conditions. Due to the customer structure and significant prefinancing for construction services, the new provisions on the recognition of anticipated credit losses have no material impact on Implenia.

A significant deviation emerges from the reporting of additional claims that have not yet been approved and of guarantee retentions. The impact in question is explained in the following section regarding the conversion to IFRS 15 “Revenue from Contracts with Customers”.

Existing hedging relationships covered by hedge accounting may be continued under IFRS 9 without material adjustments.

Implenia applies IFRS 9 retrospectively without restating the figures for the previous year.

Notes to the interim financial report of Implenla

IFRS 15 Revenue from Contracts with Customers

IFRS 15 "Revenue from Contracts with Customers" replaces the standards IAS 11 "Construction Contracts" and IAS 18 "Revenue" as well as associated interpretations and are to be applied to revenue streams from contracts with customers. The provisions envisage a five-step model for recognising revenue, which is applicable to all contracts with customers. Revenue for services supplied is to be recognised in the amount of the expected consideration. The point in time or period for recognising revenue is based on the transfer of control to the customer.

In General Contracting, in Construction Works and for services, contractually agreed revenue is recognised over time. Sale of real estate is recognised at the moment in which control is transferred, i.e. at the time title is transferred, which is normally upon entry in the official land register. No material conversion effects resulted from this.

IFRS 15 contains more stringent guidelines regarding accounting for contract modifications. According to IFRS 15, revenue is only to be recognised if it is highly probable that significant amounts of revenue will not be reversed at a later date. Claims were previously capitalised if approval from the customer was probable. The reassessment of claims previously recognised as assets led to a reduction in equity of CHF 14.2 million after taxes as at 1 January 2018.

A further deviation emerges from the reporting of claims that have not yet been approved. These will no longer be reported as value-adjusted receivables, as there is no unconditional right to consideration. Trade receivables only contain unconditional rights to consideration. The allowance for expected credit losses on trade receivables only contains allowances for unconditional receivables. The corresponding receivables and allowances associated therewith of CHF 78.0 million each were offset as at 1 January 2018. The balance sheet item for trade receivables did not change as a result.

Guarantee retentions are now reported under work in progress (assets), since there is no unconditional right to consideration on such receivables. As a result, trade receivables were reduced by CHF 66.8 million as at 1 January 2018, while work in progress (assets) increased accordingly.

Implenia applies the modified retrospective method for the conversion to IFRS 15.

Restatement

Impact on the consolidated balance sheet (condensed) as at 1 January 2018:

ASSETS	31.12.2017 reported	IFRS 15	1.1.2018 restated
	CHF 1,000	CHF 1,000	CHF 1,000
Trade receivables	547,353	(78,059)	469,294
Work in progress	304,535	59,329	363,864
Total current assets	2,187,114	(18,730)	2,168,384
Total non-current assets	709,880	–	709,880
Total assets	2,896,994	(18,730)	2,878,264
EQUITY AND LIABILITIES			
Total current liabilities	1,617,292	–	1,617,292
Deferred tax liabilities	62,258	(4,534)	57,724
Total non-current liabilities	624,793	(4,534)	620,259
Reserves	592,618	(13,793)	578,825
Equity attributable to shareholders	633,148	(13,793)	619,355
Non-controlling interests	21,761	(403)	21,358
Total equity	654,909	(14,196)	640,713
Total equity and liabilities	2,896,994	(18,730)	2,878,264

Notes to the interim financial report of Implenia

IFRS 16 Leases

The new standard concerning leases will be applied from 1 January 2019 and replaces IAS 17 "Leases" as well as interpretations associated therewith.

Under IFRS 16, all assets and liabilities arising from leases must be recognised on the balance sheet unless the lease term is not more than twelve months or the asset is of minor value. The capitalisation of leased assets and the reporting of lease obligations as liabilities will expand the balance sheet.

Implenia has material leases for real estate, large-scale equipment, vehicles and small machinery as well as site equipment. The effective impact is largely dependent on the number of pieces of large-scale equipment leased as at the reporting date, the company-specific interest rate and the assessment regarding the exercise of possible extension, purchase or cancellation options. Leases for small machinery and site equipment often have a term of less than one year and are therefore not posted on the balance sheet under the new standard either. Current analysis shows that application of the new standard will significantly expand the balance sheet.

Implenia will probably apply the modified retrospective method.

3 Seasonality

Implenia's building production services are subject to seasonal fluctuation as building activity is more intense in the second half of the year. The first half, in particular, is affected by lower productivity from personnel and machinery combined with higher costs for maintenance and repairs. The balance sheet as at 30 June 2017 is also shown to improve comparability.

4 Material changes in the scope of consolidation

As at 2 March 2017, the Implenia Group acquired 100% of the shares in Bilfinger Hochbau GmbH, based in Neu-Isenburg, Germany.

Bilfinger Hochbau GmbH had generated an operating result of CHF 3.1 million and revenue of CHF 496.8 million in the 2017 financial year. For the period from 2 March to 31 December 2017, Bilfinger Hochbau GmbH reported an operating result prior to acquisition costs borne by the Group of CHF 7.7 million and revenue of CHF 443.2 million. Depreciation and amortisation in the amount of CHF 27.2 million resulting from redetermining fair values was also posted in the 2017 financial year.

The purchase price allocation is final as at the reporting date. There were no changes compared to the disclosure in the 2017 consolidated financial statements.

Notes to the interim financial report of Implenla

5 Segment reporting

Segment reporting as submitted to the Board of Directors as at 30 June 2018:

	Development CHF 1,000	Switzerland CHF 1,000
IFRS revenue unconsolidated	60,239	1,202,081
Intra-Group revenue	(5,760)	(168,558)
Consolidated revenue	54,479	1,033,523
Operating income excl. PPA ²	22,748	1,598
Operating income	22,748	1,598
Current assets (excl. cash and cash equivalents)	209,961	544,802
Non-current assets (excl. pension assets)	17,122	230,433
Less debt capital (excl. financial and pension liabilities)	(72,466)	(961,479)
Total invested capital	154,617	(186,244)
Investments in property, plant and equipment and intangible assets	–	7,337

¹ Including eliminations

² Operating result as reported to the chief operating decision maker (operating income excluding depreciation and amortisation due to redetermining fair values in respect of acquisitions)

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Infrastructure	International	Total of Business Units	Miscellaneous/ Holding ¹	Total
CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
361,489	732,265	2,356,074	37,357	2,393,431
(29,764)	(29,291)	(233,373)	(36,334)	(269,707)
331,725	702,974	2,122,701	1,023	2,123,724
10,610	(5,452)	29,504	(2,342)	27,162
9,316	(13,266)	20,396	(2,342)	18,054
171,877	421,372	1,348,012	12,536	1,360,548
128,050	298,420	674,025	16,162	690,187
(166,212)	(536,700)	(1,736,857)	(11,040)	(1,747,897)
133,715	183,092	285,180	17,658	302,838
6,495	14,733	28,565	2,565	31,130

Notes to the interim financial report of Implenla

Segment reporting as submitted to the Board of Directors as at 30 June 2017: >

	Development	Switzerland
	CHF 1,000	CHF 1,000
IFRS revenue unconsolidated	67,561	1,062,322
Intra-Group revenue	(9,577)	(161,020)
Consolidated revenue	57,984	901,302
Operating income excl. PPA ²	20,367	(15,568)
Operating income	20,367	(15,568)
Current assets (excl. cash and cash equivalents)	200,778	584,249
Non-current assets (excl. pension assets)	17,595	252,313
Less debt capital (excl. financial and pension liabilities)	(82,671)	(802,436)
Total invested capital	135,702	34,126
Investments in property, plant and equipment and intangible assets	–	7,038

1 Including eliminations

2 Operating result as reported to the chief operating decision maker (operating income excluding depreciation and amortisation due to redetermining fair values in respect of acquisitions)

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Infrastructure	International	Total of Business Units	Miscellaneous/ Holding ¹	Total
CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
256,965	541,123	1,927,971	12,181	1,940,152
(32,540)	(32,507)	(235,644)	(12,488)	(248,132)
224,425	508,616	1,692,327	(307)	1,692,020
7,785	(12,463)	121	801	922
5,502	(20,711)	(10,410)	801	(9,609)
111,046	317,940	1,214,013	34,352	1,248,365
127,367	308,450	705,725	16,300	722,025
(176,912)	(496,041)	(1,558,060)	(68,291)	(1,626,351)
61,501	130,349	361,678	(17,639)	344,039
17,951	13,162	38,151	678	38,829

Notes to the interim financial report of Implenia

Reconciliation of invested capital:

	30.6.2018	30.6.2017
	CHF 1,000	CHF 1,000
Total assets	2,877,721	2,736,484
Minus cash and cash equivalents	(821,279)	(759,655)
Minus pension assets	(5,707)	(6,439)
Assets of invested capital	2,050,735	1,970,390
Total equity and liabilities	2,877,721	2,736,484
Minus equity	(603,161)	(606,560)
Minus financial liabilities	(507,882)	(483,111)
Minus pension liabilities	(18,781)	(20,462)
Liabilities of invested capital	1,747,897	1,626,351
Total invested capital	302,838	344,039

Operating income from Miscellaneous/Holding includes:

	1.1.–30.6.2018	1.1.–30.06.2017
	CHF 1,000	CHF 1,000
Other expenses net	(6,433)	(1,422)
Net income from benefit pension plans	6,083	3,878
Depreciation and amortisation	(1,992)	(1,655)
Total operating income Miscellaneous / Holding	(2,342)	801

Non-current assets (excluding financial assets, pension assets and deferred tax assets) are distributed geographically as follows:

	30.6.2018	31.12.2017
	CHF 1,000	CHF 1,000
Switzerland	237,063	245,675
Germany	291,541	299,433
Austria	17,117	13,737
Norway	55,707	54,867
Sweden	157	587
Other countries	24,869	24,889
Total as at reporting date	626,454	639,188

Revenue from contracts with customers is distributed geographically as follows in the reporting period from 1 January 2018 to 30 June 2018:

	Development	Switzerland	Infrastructure	International	Miscellaneous/ Holding	Total
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Switzerland	54,212	1,030,652	71,524	–	–	1,156,388
Germany	–	–	148,645	424,344	–	572,989
Austria	–	–	58,940	35,742	–	94,682
Norway	–	–	11,715	166,969	–	178,684
Sweden	–	–	9,429	49,579	–	59,008
Other countries	–	–	27,002	22,005	–	49,007
Customers revenue	54,212	1,030,652	327,255	698,639	–	2,110,758
Other revenue	267	2,871	4,470	4,335	1,023	12,966
Consolidated revenue	54,479	1,033,523	331,725	702,974	1,023	2,123,724

Revenue is usually recognised over time.

Notes to the interim financial report of Implen

6 Remeasurement of pension liabilities

The discount rate used to calculate pension liabilities in the reporting period was increased from 0.9% to 1.0% (previous year: unchanged at 0.9%). The negative effect before taxes in other comprehensive income of CHF –16.4 million is largely attributable to limiting the surplus on the economic benefit (asset ceiling). A negative effect before taxes of CHF –4.3 million resulted from the same reason in the previous year. The capitalised economic benefit occurs in the Swiss pension plan and largely equates to the existing employer contribution reserve. The pension commitment includes the last of three conversion rate reductions from 5.1% to 4.75% resolved by the board of trustees on 8 March 2018.

7 Trade receivables

	30.6.2018	31.12.2017
	CHF 1,000	CHF 1,000
Third parties ¹	524,691	544,296
Joint ventures (equity method)	21,485	17,547
Associates	2,200	2,979
Guarantee retentions ²	–	66,810
Allowance for expected credit losses ³	(5,621)	(84,279)
Total	542,755	547,353

1 Contain adjustments due to the conversion to IFRS 15 in the year under review, see note 2

2 Guarantee retentions are reported under work in progress (assets) in the year under review, see note 2

3 Contain allowances for expected credit losses and, in the previous year, allowances for not yet approved receivables, see note 2

Due receivables

The total amount of due receivables amounted to CHF 252.2 million as at 30 June 2018 (31 December 2017: CHF 286.1 million). Of the allowance for expected credit losses, CHF 5.5 million is attributable to receivables outstanding for more than 90 days (previous year: CHF 82.0 million). In the previous year, this item also included allowances for not yet approved receivables.

Letzigrund Dispute

End of March 2017, the Swiss Supreme Court set aside the verdict given by Zurich's High Court on the work payment claims for the Letzigrund stadium, amounting to around CHF 20 million, for formal reasons. Implenla has meanwhile withdrawn the appeal against the ruling of Zurich District Court. Consequently, the dispute concerning the outstanding work payment has ended. The decision reached will have no further financial impact on the result of Implenla.

However, the action by Implenla against the City of Zurich for full repayment of the guarantee utilised by the City is still pending. 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. Implenla is demanding repayment of this amount. The amount in question is included in other receivables.

Notes to the interim financial report of Implenla

8 Work in progress

	30.6.2018	31.12.2017
	CHF 1,000	CHF 1,000
Work in progress, assets (services provided) ^{1,2}	547,348	377,417
Work in progress, liabilities (received prepayments)	(266,757)	(320,056)
Valuation adjustment on work in progress	(38,635)	(48,417)
Contract costs in relation to future services by suppliers and subcontractors	77,057	72,087
Contract costs in relation to past services by suppliers and subcontractors	(742,667)	(719,390)
Work in progress, net	(423,654)	(638,359)
of which work in progress, assets ^{1,2}	429,191	304,535
of which work in progress, liabilities	(852,845)	(942,894)

1 Contain guarantee retentions in the year under review, see note 2

2 Contain adjustments due to the conversion to IFRS 15 in the year under review, see note 2

9 Real estate transactions

	30.6.2018	31.12.2017
	CHF 1,000	CHF 1,000
Acquisition costs as at 1.1.	159,767	187,405
Additions	23,192	39,802
Disposals	(22,614)	(67,440)
Acquisition costs as at reporting date	160,345	159,767
Cumulative value adjustments as at 1.1.	(1,712)	(1,774)
Additions	-	-
Disposals	109	62
Cumulative value adjustments as at reporting date	(1,603)	(1,712)
Net carrying amount as at reporting date	158,742	158,055

The gain on sale of real estate during the period is as follows:

	1.1.–30.6.2018	1.1.–30.6.2017
	CHF 1,000	CHF 1,000
Sale proceeds	39,330	54,609
Carrying amount of assets sold	(22,505)	(38,196)
Gain on real estate¹	16,825	16,413

1 Excluding other expenses and income of the Segment Development

Notes to the interim financial report of Implenla

10 Current and non-current financial liabilities

	30.6.2018	31.12.2017
	CHF 1,000	CHF 1,000
As at 1.1.	496,930	415,406
Additions	14,167	78,524
Disposals	(1,613)	(2,583)
Foreign exchange differences	(1,602)	5,583
Total as at reporting date	507,882	496,930

Breakdown

Bond issues	250,332	250,352
Subordinated convertible bond	163,996	162,686
Promissory note loans	69,226	70,001
Liabilities to banks	16,219	7,134
Finance lease liabilities	8,109	6,757
Total as at reporting date	507,882	496,930

Maturity

Less than 1 year	8,341	3,935
Between 2 and 5 years	214,600	184,309
Over 5 years	284,941	308,686
Total as at reporting date	507,882	496,930

Under a syndicated loan agreement signed on 29 June 2018, Implenla now has a cash credit line of CHF 250 million and a guarantee limit of CHF 550 million. The syndicated financing runs until 31 December 2023 and includes two options for one-year extensions. The new agreement replaces the existing one prematurely.

11 Share capital

	31.12.2016	Changes 2017	31.12.2017	Changes 2018	30.6.2018
	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	94,042	116,181	210,223	(81,174)	129,049
Total shares outstanding	18,377,958	(116,181)	18,261,777	81,174	18,342,951

All shares are subscribed and fully paid up. As at 30 June 2018 all shares with the exception of 129,049 treasury shares (31 December 2017: 210,223 treasury shares) have voting rights and qualify for dividends.

	31.12.2016	Changes 2017	31.12.2017	Changes 2018	30.6.2018
	Par value of shares CHF 1,000				
Share capital	18,841	–	18,841	–	18,841
Treasury shares	(96)	(118)	(214)	82	(132)
Total share capital outstanding	18,745	(118)	18,627	82	18,709

The par value of a share amounted to CHF 1.02 as at 30 June 2018 (31 December 2017: CHF 1.02).

Notes to the interim financial report of Implenia

12 Fair value measurement

	Level	Carrying amounts		Fair values	
		30.6.2018	31.12.2017	30.6.2018	31.12.2017
		CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
FINANCIAL ASSETS					
Fair value through profit or loss					
Currency derivatives	2	2,030	444	2,030	444
Fair value through other comprehensive income					
Unlisted participations	3	7,806	7,871	7,806	7,871
At amortised cost					
Trade receivables	*	542,755	547,353	542,755	547,353
Other receivables	*	52,632	52,830	52,632	52,830
Other financial assets	*	2,296	2,519	2,296	2,519
FINANCIAL LIABILITIES					
Fair value through profit or loss					
Currency derivatives	2	1,216	211	1,216	211
At amortised cost					
Trade payables	*	475,110	372,606	475,110	372,606
Promissory note loans	2	69,226	70,001	69,538	69,951
Bonds	1	250,332	250,352	258,375	263,063
Convertible bond	2	163,996	162,686	166,166	171,471
Other liabilities	*	82,384	79,014	82,384	79,014
Other financial liabilities	*	24,328	13,891	24,328	13,891

* The carrying amounts of these financial instruments roughly correspond to the fair value.

13 Earnings per share

	1.1.–30.6.2018	1.1.–30.6.2017
Data for calculating earnings per share:		
Consolidated profit attributable to shareholders of Implenia Ltd.	6,744	(12,987)
Adjustment to effect on result due to convertible bond	1,398	1,376
Consolidated profit attributable to shareholders of Implenia Ltd. after adjustment	8,142	(11,611)
Weighted average number of shares outstanding	18,293,438	18,329,052
Adjustment due to diluting effect of convertible bond	2,331,469	2,331,469
Weighted average for calculating diluted earnings per share	20,624,907	20,660,521
Basic earnings per share in CHF	0.37	(0.71)
Diluted earnings per share in CHF	0.37	(0.71)

Undiluted earnings per share (EPS) are calculated by dividing the net income attributable to shareholders of Implenia 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.

Diluted earnings per share (EPS) are calculated by adjusting the consolidated profit attributable to shareholders of Implenia Ltd. to take account of the effect of the convertible bond after taxes. This figure is divided by the weighted number of outstanding shares plus the weighted average of all dilutive potential shares that would be converted into shares in case of exercising all conversion rights.

As in the previous year, the convertible bond did not trigger any dilution in the first half of 2018.

Notes to the interim financial report of Implenia

14 Contingent liabilities

Together with many other construction companies in the regional market for road construction and civil engineering in the canton of Grisons, Implenia is currently involved in investigations by the Swiss Competition Commission (see media releases in November 2012). Implenia is cooperating with the Competition Commission regarding this ongoing investigation. Management felt that it was impossible to make a reliable estimate of the outcome or amount of any penalties during the closing. Therefore, no provisions were made.

Government representatives contacted Implenia Baugesellschaft m.b.H. in Vienna on 9 May 2017 in connection with an ongoing investigation in Austria being conducted by the public prosecutor against some 20 civil works companies and over 200 people. This concerned two projects dating from the time of Bilfinger Baugesellschaft m.b.H., which was integrated in the Implenia Group in 2015 (see media release of 11 May 2017). Implenia is cooperating with the authorities in Vienna and has promised its full support to the ongoing investigations. Management felt that it was impossible to make a reliable estimate of the outcome or amount of any penalties during the closing. Therefore, no provisions were made.

15 Events after the balance sheet date

The Group does not know of any material events after the balance sheet date.

16 Free cash flow

Implenia defines free cash flow as cash flow from operating activities, less acquisitions and disposals of non-current assets. The following table provides an overview of free cash flow:

	1.1.–30.6.2018	1.1.–30.6.2017
	CHF 1,000	CHF 1,000
Free cash flow		
Cash flow from operating activities	(114,579)	(35,215)
Investments in non-current assets	(28,286)	(36,073)
Disposal of non-current assets	3,991	4,742
Free cash flow before acquisition of subsidiaries	(138,874)	(66,546)
Acquisition of subsidiaries	–	13,687
Free cash flow after acquisition of subsidiaries	(138,874)	(52,859)

Free cash flow is not a financial indicator defined under IFRS and should not be interpreted as such.

The figure can provide information about the ability to generate cash and cash equivalents, to repay liabilities as well as to make acquisitions or distribute dividends.

Implenia's free cash flow is subject to seasonal fluctuation as building activity is more intense in the second half of the year.

17 Foreign exchange rates

		Average rate 1.1.–30.6.		Closing rate	
		2018	2017	30.6.2018	31.12.2017
European Union	1 EUR	CHF 1.17	CHF 1.08	CHF 1.16	CHF 1.17
Ivory Coast/Mali	100 XOF	CHF 0.18	CHF 0.16	CHF 0.18	CHF 0.18
Norway	100 NOK	CHF 12.19	CHF 11.74	CHF 12.16	CHF 11.88
Sweden	100 SEK	CHF 11.53	CHF 11.23	CHF 11.07	CHF 11.90



Change of CEO

Having served more than 19 years in different positions at Implenia and, before that, Zschokke, Anton Affentranger has decided to step down as CEO with effect from 30 September 2018. Anton Affentranger, the long-standing CEO and former Chairman of the Implenia Board of Directors, will leave the Group. Anton Affentranger has played a major role in shaping the company since its foundation. He has made an outstanding contribution to Implenia through his achievements in recent years. The Board of Directors and all the employees owe Mr Affentranger a big debt of gratitude.

André Wyss will take over the management of Implenia as new CEO with effect from 1 October 2018. André Wyss has decades of international management experience in different roles, business models and complex construction and infrastructure projects. He was a member of the Executive Committee of Novartis until spring 2018. As President of Novartis Operations, he most recently managed, inter alia, the entire production operation of Novartis, the central Group services including real estate and infrastructure, IT, procurement, HR and accounting and corporate affairs.

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Dates

Media and analysts' conference on the 2018 full-year results
26 February 2019

2019 Annual General Meeting
26 March 2019

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