FROM UPHEAVAL TO NEW START

HALF-YEAR REPORT 2019

Implenia®

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FROM UPHEAVAL TO NEW START

On track with a new strategy: Implenia well positioned in its markets for a new start.

IMPLENIA IN A YEAR OF TRANSITION

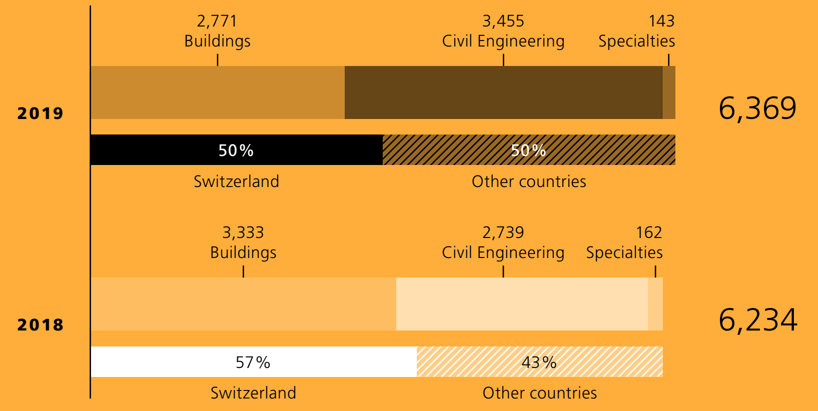
Implenia achieved EBITDA of CHF 72.9 million (excl. IFRS 16: CHF 41.4 million) in the first half of 2019. Earnings expectations for transition year 2019 have been confirmed, as has the medium-term target margin for EBITDA. All divisions contributed to the positive result; Development and Buildings in particular achieved very good results. The corrective measures taken are working; despite a good underlying performance, Civil Engineering and Specialties are, as expected, still subject to residual negative influences. The new organisational structure is proving effective and, thanks to the clear roles and responsibilities, is enabling rapid implementation of our strategic initiatives.

Implenia has applied the new IFRS 16 leasing standard for the first time in this reporting period. IFRS 16 states that assets and liabilities arising from leasing contracts are to be recognised in the balance sheet. This recognition of leased items and lease liabilities results in higher total assets, EBITDA and free cash flow. Due to the new organisational structure the previous year's figures have been adjusted. This report includes alternative performance benchmarks. These are defined on page 66.

Consolidated key figures

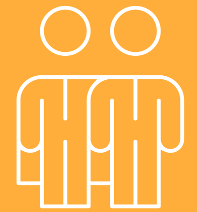
	1.1.–30.6. 2019	1.1.–30.6. 2018	Δ	Δ like for like
	CHF 1,000	CHF 1,000		
Consolidated revenue	**2,184,234**	2,123,724	2.8%	4.8%
Operating income excl. PPA	**11,358**	27,162	(58.2%)	(60.3%)
Operating income	**9,300**	18,054	(48.5%)	(52.1%)
Consolidated profit	**543**	8,927	(93.9%)	(102.2%)
EBITDA excl. IFRS 16	**41,362**	56,035	(26.2%)	(26.1%)
in % of consolidated revenue	**1.9%**	2.6%		
EBITDA	**72,947**	56,035		
Free cash flow	**(167,463)**	(138,874)		
Net cash position excl. lease liabilities (as at 30.6.)	**196,324**	321,726	(39.0%)	(38.5%)
Equity (as at 30.6.)	**570,823**	603,161	(5.4%)	(5.1%)
Order book (as at 30.6.)	**6,369,346**	6,233,980	2.2%	3.0%
Production output	**2,204,722**	2,146,506	2.7%	4.6%
Workforce (FTE; as at 30.6.)	**10,130**	9,873	2.6%	

ORDER BOOK
in CHF m[1]



Incoming orders promise good project margins and geographical diversity.

EMPLOYEES[1]

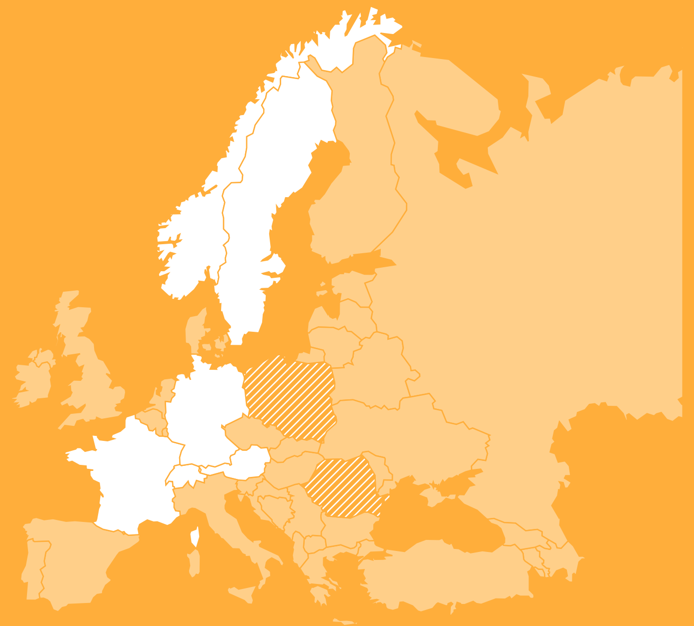


10,440 (2018: 10,187)

Our talented employees are the key to future success. The new organisation creates clear roles and responsibilities.

GEOGRAPHICAL PRESENCE

6 Home markets

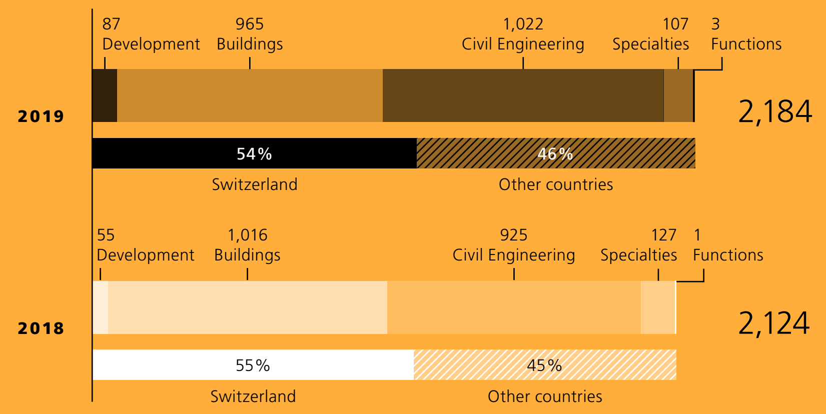


HOME MARKETS
Switzerland
Germany
Austria
Norway
Sweden
France

OTHER MARKETS
Poland
Romania

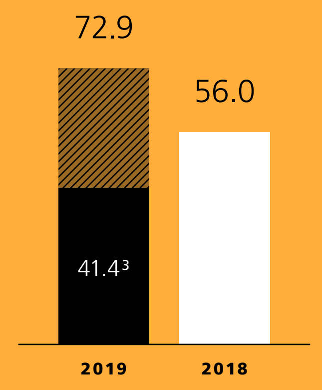
Implenia is well positioned in its home markets and expects continued market growth.

GROUP REVENUE
in CHF m[2]



The internationalisation of Civil Engineering pushed up revenue in the first half year; Buildings and Specialties are slightly down on the previous year's figures.

EBITDA
in CHF m[2]



EBITDA is as expected and on course to meet the annual target; Divisions Development and Buildings recorded particularly good results.

New strategy based on four priorities

Implementation of the new strategy is proceeding according to plan, guided by the four announced priorities.

PORTFOLIO
The process of refining and adding detail to the initiatives for organic and inorganic growth is going as planned.

PROFITABLE GROWTH
From Value Assurance and Procurement Excellence to Lean Construction and the ERP transformation project INSPIRE, the strategic initiatives and other aspects of our Operational Excellence Programme are proceeding as planned.

INNOVATION
The Implenia Innovation Hub will be launched in September. This digital platform for intrapreneurship, which is accessible to all employees, serves as a catalyst for ideas.

TALENT AND ORGANISATION
The new organisation has bedded in successfully and is already having positive effects, including stronger cross-divisional and international collaboration. "Future Workshops" were held with employees across the Group to support the process. Insights from these workshops are being incorporated into Talent Management and Employer Branding.

[1] as per 30.6.

[2] 1.1.–30.6.
[3] excl. IFRS 16

FROM UPHEAVAL TO NEW START

Change needs direction — Step by step from upheaval to new start.

André Wyss, CEO of Implenia

Implenia's markets offer attractive growth opportunities, the quality of its order books has improved, the underlying performance of its divisions is good and its strategic initiatives are having a noticeable impact. CEO André Wyss answers questions about the Group's performance in the first half of 2019, discusses how strategy implementation is going, and talks about Implenia's prospects.

How would you assess the first half of 2019, Mr. Wyss?

"Good. I'd almost say very good. Results met expectations with EBITDA of CHF 72.9 million. The divisions' underlying performance was good overall. Implementation of the new strategy is on course and we have already made very good progress. Our order book remains high, despite our more discerning approach to project selection. And Implenia continues to operate in attractive markets. Consequently, we are confirming that our

EBITDA target for transition year 2019 is more than CHF 150 million (excl. IFRS 16) before approximately CHF 20 million of strategy implementation costs. We are also confirming our medium-term EBITDA target margin of 5.25% to 5.75% (excl. IFRS 16). Two-thirds of the change in EBITDA since the previous year can be attributed to the effects of the corrections we made at the end of 2018, and one third to implementing the new strategy."

How are we doing in terms of total assets, equity ratio and free cash flow?

"The balance sheet remains solid and we still have a high level of cash and cash equivalents. Our equity ratio has remained stable as expected, and at 19.3% is only slightly below the previous year comparison of 20.2% because of IFRS 16. Implenia still has a solid equity base by industry standards, and is confident about its future direction. Free cash flow, which is always affected by seasonal factors, stands at CHF –167.5 million. This is due to greater investment in machinery, investments in Division Development's portfolio, and more timely payments to creditors. Delays in large incoming payments from major projects also played a role here."

Could you explain the performance of the individual divisions in a little more detail?

"Divisions Development and Buildings are producing impressive results, with high-quality development projects and a good volume of contracts. In Divisions Civil Engineering and Specialties, the measures taken in response to the corrections announced at the end of 2018 in Norway and Poland are having an impact. No further unforeseen need for corrections has been identified. However, as we acknowledge in the outlook for the current year, these projects are still not contributing any profit, which is bringing down the overall margin merited by the underlying performance of these divisions. The corrected projects in South Baden – reported under Division Buildings – are not having this effect because they were completed at the end of 2018."

How is this affecting Group revenue?

"Revenue went up in the first half of the year mainly because of our internationalisation strategy in Civil Engineering, where the special foundations business and large-scale tunnel construction projects have generated very healthy growth rates. Divisions Buildings and Specialties are slightly down on the previous year's figures. The overall performance of the divisions is good and taken as a whole we are on course to achieve our target for the year."

Construction business is project business – and so a risky business.

"You can't pretend the risks aren't there, but you can manage them. With our significantly more comprehensive Value Assurance approach, which has already been applied to some initial projects, we are improving our risk management process and our controlling. Decision-making within the new system is supported by data-based tools. Value Assurance is used right at the start when contracts are being chosen, with a more selective focus on the opportunities and risks relating to each project's earnings contribution. The Value Assurance approach then supports the project until the end of the guarantee period. By classifying all projects according to multiple risk-based criteria, and by using clearly defined milestones and decision-making bodies, Implenia can make better decisions when it comes to approving and monitoring its projects. We will be expanding our Value Assurance approach to all projects. Data from initial projects will be used to analyse the variables that affect the performance of our projects. The results will then be built into our assessment and control tools."

What other progress has been made on strategy implementation?

"Our Procurement Excellence initiative has produced quick wins in purchasing, and we are now working on medium and long-term measures. At the same time, we are working on the harmonisation and digitalisation of our core processes and key system interfaces. Our ERP transformation project INSPIRE is progressing according to plan. BIM is gradually being standardised to make it easier to replicate the methodology. The main focus is currently on offer-phase use cases; we are also prioritising some pilot projects in the execution phase. In Lean Construction we continued to develop our Lean standards in the first half of the year and have gathered them together in a Toolbox. The Toolbox is a modular system with elements that facilitate a smooth, efficient and effective organisation as well as improved collaboration between project participants and on construction sites. We are rolling this out to other projects. A cross-divisional core team situated within Division Specialties is currently building the new Implenia Innovation Hub, which will be launched in September. It will be a digital platform for intrapreneurship that is accessible to all employees."

"The new organisational structure creates clear roles and responsibilities; it has bedded in successfully in a very short period of time."

How is the new organisation, with its four divisions, global functions and country presidents, working out?

"The new organisation has successfully established itself within a short period of time and is having an impact. As well as facilitating rapid implementation of our strategic initiatives, the simplicity and consistency of this structure creates clear roles and responsibilities, as well as embedding a system of multiple assessors for the selection, approval and monitoring of projects. The new organisational structure also encourages entrepreneurship in the divisions, reinforces group-wide excellence in the disciplines managed by global functions and – thanks to the country organisations – helps strengthen local relationships with customers and other stakeholders. It was important to us to bundle our 'specialties' into one division, and in September this division gets a dedicated new leader, Anita Eckardt."

How is cooperation going in Implenia's Executive Committee (IEC) and with the rest of management?

"From September, the addition of Anita Eckardt will complete the IEC and we will grow even stronger together as a management team. Roles are clear and well defined. The team takes entrepreneurial responsibility and works very closely together at international level. We have already appointed heads to all the global functions and most of our other management positions have also been filled. Collaboration is intense, efficient and fast, precisely because it is so clear."

What's happening in terms of sustainability and safety?

"Implenia wants to remain a sustainability leader. The environmental standard defined for our own development projects – based on the"Swiss Sustainable Construction Standard" – has been rolled out internally. We have also adjusted Implenia's Sustainability Committee to the new organisational structure, appointing representatives from all the divisions and relevant global functions to sit on it. Within the next half year

Change only happens collectively. As well as sound judgement and sensitivity, above all this requires an ability to listen.

the committee will define our objectives up to 2025. Implenia is doing a lot – with health and safety concepts, good equipment and targeted training – to ensure that our employees are highly safety-conscious as they go about their day-to-day work on our construction sites."

What prospects do the markets offer for Implenia's further development?

"Predictions about the size and development of our markets give us reason to be confident. Growth is expected in our home markets, with activity in the civil engineering sector predicted to be stronger than for buildings. Against this background, and given the good opportunities that the international market continues to offer, Implenia can look to the future with confidence."

→ Development
Buildings
Civil Engineering
Specialties

Alt.671 — Parc de la Fonderie, Fribourg

Alt.671 is located in a former industrial district in the heart of Fribourg, western Switzerland. The complex, developed by Implenia itself, will provide more than 70 apartments. Working as the general contractor, Implenia and the architectural team from Sapco & Virdis have used conventional construction techniques to achieve a very high, Minergie-level energy efficiency. They have done this with practical solutions to create highly insulated facades, as well as by using techniques such as dual flow ventilation and district heating. Construction work began in May 2019 and should be completed by November 2021.

PROJECT DATA

45.3
million CHF total investment

13
storeys

1.95
Floor Space Index (FSI)

72
apartments

5,600
m² living area

SUSTAINABLE LIVING IN WESTERN SWITZERLAND

FROM UPHEAVAL TO NEW START

Position expanded: Strong development projects and investments in the portfolio.

From initial idea through to finished construction project, within Division Development, Implenia concentrates on integrated project development of properties and sites. It seeks greater value creation by investing in investment properties, as well as by using innovative financing models and maintaining a geographical focus beyond Switzerland.

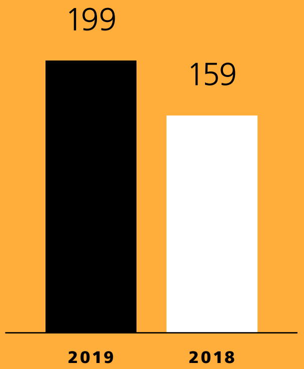
"We are market leaders in the Swiss property development business, and look forward to continuing this success with our initial activities in Germany."

ADRIAN WYSS, Head Division Development

STRONG RESULT

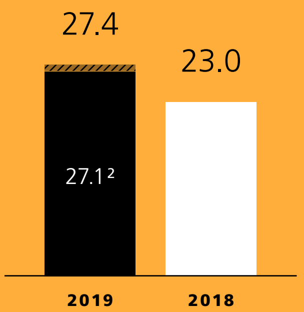
Implenia develops properties that enrich life. Cost-efficient. Environmentally friendly. Socially responsible. Sustainable. Successful sales of its real estate projects have already contributed to a strong result for Division Development in the first half of 2019. One of these successes was the sale of the KIM inno-living project in Winterthur. The result underlines the division's **STRONG PROJECT PORTFOLIO,** and the continuing positive market conditions. At the same time, more was invested in the division's portfolio than in the previous year. The division remains confident about the attractiveness of the Swiss property development business. The segments of the market relevant to Implenia are moving in the right direction. These segments include mid-priced rental and owner-occupied homes, office properties in economically strong regions, and hotel projects in locations with constant demand. Generally, the division's activities are still concentrated mainly on the strong Swiss growth regions of Greater Zurich and Lake Geneva (the "Arc Lémanique"). In addition, a development team in **GERMANY IS ALSO UP AND RUNNING**.

PROPERTY PORTFOLIO
in CHF m[1]



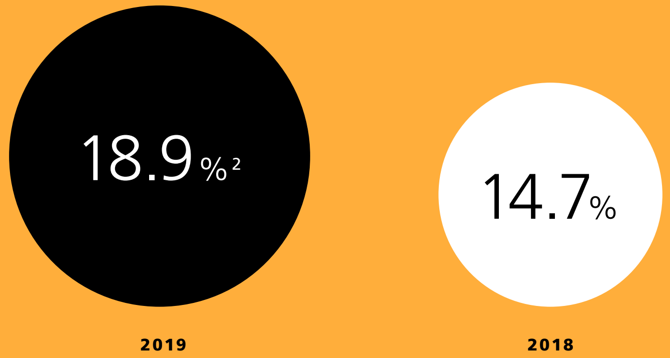
The Division has once again invested in the future, its project portfolio has expanded sustainably.

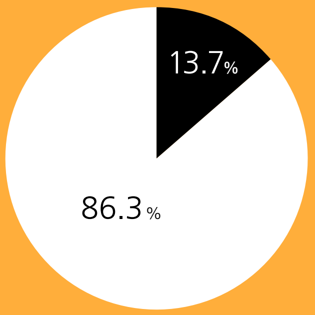
EBITDA
in CHF m[3]



A significant increase in EBITDA strengthens the basis for profitable growth.

RETURN ON INVESTED CAPITAL (ROIC)
in %





292 (2018: 185)

Homes sold[3]

The division achieved strong property sales and is forging ahead with numerous projects.

- ■ Condominium ownership
- □ Investment properties

3,177 (2018: 4,149)

Homes in development number[1]

The development projects in the pipeline are notable for their high quality.

81 (2018: 73)

Employees[1]

The new development team in Germany gives the division greater geographical reach.

[1] as per 30.6.
[2] excl. IFRS 16
[3] 1.1.–30.6.

PROJECT DATA

95
million EUR contract value

8,100
tonnes of steel

62,490
m^2 gross floor area

43,500
m^3 concrete

25
Implenia construction managers

NEW LANDMARKS IN EAST MUNICH

Bavaria Towers, Munich

Bavaria Towers, a development of four high-rise buildings in the east of Munich, was completed in 2019. Implenia, working as turnkey contractor, built the 46-metre Star Tower and the 83-metre Sky Tower for the investor Zurich Insurance. The two towers offer mainly office space, but also include a daycare centre, restaurants and a three-level parking garage. The sustainable construction techniques used align with the overall energy concept, which has been submitted for DGNB Gold certification.

FROM UPHEAVAL TO NEW START

Improved order quality: focus on complex major projects.

From new builds to renovation, Division Buildings focuses on the integrated conception and construction of complex new buildings, as well as on the modernisation of existing properties. Implenia is one of the leading companies across this sector in Switzerland, Germany and Austria, and is continuing to grow in its role as a general and total contractor. As an integrated construction services provider, Implenia plans and advises its customers across the property's entire life cycle.

QUALITY OF CONTRACTS IS RISING

Implenia builds for a liveable world – today and tomorrow. When selecting which contracts to bid for, Division Buildings, in line with strategy, focuses on complex large-scale projects that meet future residential and work requirements. In the first six months of this year, the more selective acquisition policy led to a reduction in the order book, but to a significantly **HIGHER QUALITY OF ORDERS.** The division achieved a strong result. Volumes in Switzerland and Austria were a little higher than the prior year. Whilst Germany being slightly down on volume, owing mainly to staff shortages in certain trades.

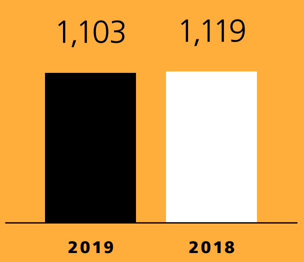
The corrected projects in South Baden were completed at the end of 2018. By focusing on core competencies and streamlining the order book, the **RISK PROFILE WAS SIGNIFICANTLY REDUCED**. Staffing and organisational changes have also been implemented. These are helping Implenia's continuing efforts to pool its resources – in the form of competencies, tools and ultimately also employees.

Implenia Buildings is well positioned in Switzerland, Germany and Austria to exploit the market opportunities created by the urbanisation megatrend.

“ Urbanisation creates an excellent market environment. This, along with our innovative process solutions, puts us in a great position to increase the quality of our project portfolio still further.”

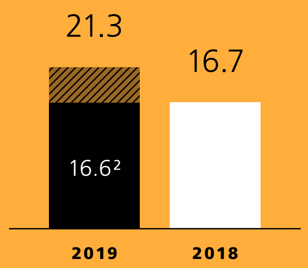
JENS VOLLMAR, Head Division Buildings

REVENUE
in CHF m[3]



The division has focused on complex large-scale projects, with revenue remaining stable.

EBITDA
in CHF m[3]



Like-for-like EBITDA (excl. IFRS 16) is virtually unchanged.

ORDER BOOK
in CHF m[1]

2,771 (2018: 3,333)

The lower order book is the result of a conscious and more disciplined approach to project acquisition.

90.5% (2018: 95.6%)

Visibility[1,4]

Visibility remains on a high level.

1,105 (2018: 1,129)

Unconsolidated production output in CHF m[3]

Stable production output with a slight decline.

2,497 (2018: 2,598)

Employees[1]

By bundling its capabilities, the division is growing stronger while the number of employees remains stable.

[1] as per 30.6.
[2] excl. IFRS 16
[3] 1.1.–30.6.
[4] Visibility: assured production output in current year/ expected production output in current year

Development
Buildings
→ Civil Engineering
Specialties

CERN, HiLumi, Point 5, Cessy

Implenia is leading the joint venture (JV) that is building an underground project for the European Laboratory for Particle Physics (CERN) in Cessy, France. This new infrastructure is needed for CERN's flagship expansion project, the High Luminosity LHC particle accelerator. The JV's first task was to build a 60-metre deep shaft to provide access to the construction site. Vibrations had to be minimised during this phase to protect existing structures, so a prototype electric excavator was used. This minimised emissions as well as vibrations. Heavy machinery, like the rock hammer in the picture, can be used again for the caverns' excavation.

85,000
m³ excavated

80
m deep

225
m² cavern area

2,500
tonnes of reinforcement

35,000
m³ of concrete

CHALLENGING TUNNELLING AND SPECIAL FOUNDATIONS PROJECT FOR WORLD-CLASS RESEARCH CENTRE

FROM UPHEAVAL TO NEW START

Business stabilised: profitable international growth following corrections.

From underground to the regions: Division Civil Engineering encompasses tunnel construction, special foundations and Implenia's regional business, which includes road and railway construction. In all of these areas, Implenia has a leading position in Switzerland and a recognised presence in its other home markets. The division's latest contract acquisitions reflect how well positioned it is to take advantage of the market opportunities created by the mobility and infrastructure investment megatrends. With its internationally competitive capabilities and its partnerships on individual projects, it is also opening up new markets.

"The transformation in mobility is boosting our business. We're enjoying a generally healthy level of orders for infrastructure jobs and very high capacity utilisation in special foundations."

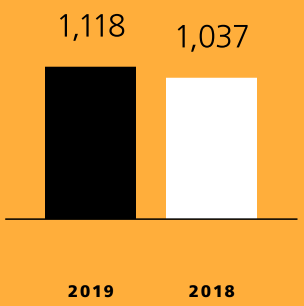
RENÉ KOTACKA,
Head Division Civil Engineering

EXPLOIT INTERNATIONAL MARKET OPPORTUNITIES

The way that individuals move around, quickly and comfortably, will play a large part in everyone's future quality of life. Implenia is building tunnels, roads and railways to enhance our future mobility. Special foundations is pleased to report a **VERY HIGH CAPACITY UTILISATION,** while the major tunnel construction projects are progressing well, as expected. As mentioned in the outlook for the current financial year, the corrections in Norway announced at the end of 2018 had the following negative effects on results of Division Civil Engineering: Firstly, the continuing corrected projects are not contributing to profit. And secondly, this means they are also pulling down the overall margin merited by the division's good underlying performance. The measures taken are having an impact and no further unexpected corrections have been identified. The turnarounds in Swiss regional business and in Germany are progressing according to plan.

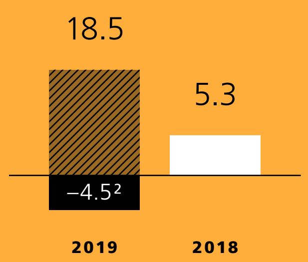
The growth in the order book is broadly based. The division scored successes in the first half year, for example in Switzerland with the replacement dam wall on Lake Grimsel, and with the successful bid for a third section of the Grand Paris Express in France. Overall results were within the expected range. Closer cooperation across disciplines and the **EXPANSION OF OUR RISK AND CONTROL PROCESSES** have stabilised the business. The new organisational structure has also had an impact and has greatly strengthened cross-border cooperation within the division.

REVENUE
in CHF m[3]



The division achieved healthy sales growth, thanks in particular to the internationalisation strategy.

EBITDA
in CHF m[3]



As expected, and excluding IFRS 16 for comparison, the corrections announced at the end of 2018 affected results negatively.

ORDER BOOK
in CHF m[1]

3,455 (2018: 2,739)

Successful order acquisition underlines the division's good positioning in its home markets.

89.7% (2018: 87.5%)

Visibility[1,4]

The high level of guaranteed production for the year as a whole inspires confidence for the second semester.

1,132 (2018: 1,070)

Unconsolidated production output in CHF m[3]

Progress on large-scale projects is driving production output.

6,204 (2018: 5,879)

Employees[1]

Reinforcement of activities in France leads to expansion of international teams.

[1] as per 30.6.
[2] excl. IFRS 16
[3] 1.1.–30.6.
[4] Visibility: assured production output in current year/ expected production output in current year

Development
Buildings
Civil Engineering
→ Specialties

PROJECT DATA

1716
Original Berlin Palace built

1950
Palace demolished

2012
Start of reconstruction

2020
Completion of new building

30,000
m² visitor area

RECONSTRUCTED BERLIN PALACE BASED ON ITS HISTORICAL PREDECESSOR

Humboldt Forum in the Berlin Palace

The former Berlin Palace is being rebuilt as the Humboldt Forum, which will provide space for a comprehensive range of cultural and educational programmes. Implenia's facade engineering experts were tasked with creating the authentic reconstruction of the building's facades. These include over 1,000 extra-large wood-framed windows and 100 wooden doors that have to look like the old ones but also fulfil the very latest structural requirements. Implenia is also responsible for the entire construction logistics required for this major project. Given the city-centre location and stringent sustainability criteria, this requires all our expert knowledge.

FROM UPHEAVAL TO NEW START

Focused on innovations: conquering new markets with new services.

From specialist expertise to innovation driver: Division Specialties includes Implenia's niche services, including wood construction, formwork, facade and pre-tensioning technology, and construction logistics. Implenia is well positioned in its niche markets to exploit the fundamental changes occurring in the construction industry and to accelerate its own ability to innovate. Division Specialties is also responsible for setting up the "Implenia Innovation Hub" as laid down in the strategy.

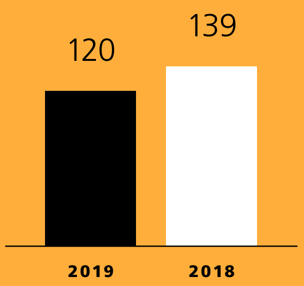
UNITED UNDER NEW LEADERSHIP

Construction is all about variety and change. Over recent months Implenia has reviewed most of the strategies for the individual businesses within Division Specialties; the process will be complete by the end of the year. Existing, profitable services are being scaled up, while activities for which Implenia is not the right owner may be dropped in order to create sustainable value.This and the **APPOINTMENT OF ANITA ECKARDT** as Division Head from 1 September have set the course for the division's successful development as a provider of niche services. As acknowledged in the outlook for the current year, the projects in Poland that were corrected in 2018 are not contributing to earnings. The division's overall weaker performance in the first half of 2019 can also be attributed to project delays in the wind energy sector that led to lower revenue. The division won new contracts for projects involving wood construction, pre-tensioning technology and facade construction. The **INNOVATION HUB IS BEING BUILT** as a platform and a catalyst that uses a structured process to turn promising ideas into new businesses and business models.

> "Our industry is changing and we want to go forward boldly to differentiate ourselves in the market."

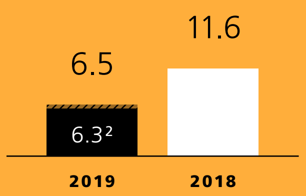
ANITA ECKARDT, Head of Division Specialties from 1.9.2019

REVENUE
in CHF m[3]



The reduction is mainly due to external project delays in pre-tensioning technology for wind power projects.

EBITDA
in CHF m[3]



Following the previous year's project corrections, EBITDA fell to the predicted level.

ORDER BOOK
in CHF m[1]

143.6 (2018: 162.4)

Despite successful acquisitions, the order book was smaller on the balance sheet date.

83.1% (2018: 97.2%)

Visibility[1,4]

The division won new contracts for projects involving wood construction, pre-tensioning technology and facade construction.

123 (2018: 141)

Unconsolidated production output in CHF m[3]

Project delays put the brakes on growth. Partial compensation for this expected in second half of the year.

1,115 (2018: 1,158)

Employees[1]

Following the focus on core competences, the number of employees is slightly lower than a year ago.

[1] as per 30.6.
[2] excl. IFRS 16
[3] 1.1.–30.6.
[4] Visibility: assured production output in current year/expected production output in current year

Interim Financial Report

INTERIM FINANCIAL REPORT OF THE IMPLENIA GROUP

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Consolidated income statement

	Notes	1.1.–30.6.2019 CHF 1,000	1.1.–30.6.2018 CHF 1,000
Group revenue	4	**2,184,234**	2,123,724
Materials and third party services		**(1,419,466)**	(1,376,751)
Personnel expenses		**(544,519)**	(519,371)
Other operating expenses		**(147,874)**	(174,234)
Income from associates		**572**	2,667
EBITDA		**72,947**	56,035
Depreciation and amortisation		**(63,647)**	(37,981)
Operating income		**9,300**	18,054
Financial expenses	5	**(9,475)**	(6,804)
Financial income	5	**894**	653
Profit before tax		**719**	11,903
Tax		**(176)**	(2,976)
Consolidated profit		**543**	8,927
Attributable to:			
Shareholders of Implenia Ltd.		**(1,291)**	6,744
Non-controlling interests		**1,834**	2,183
Earnings per share (CHF)			
Basic earnings per share	11	**(0.07)**	0.37
Diluted earnings per share	11	**(0.07)**	0.37

The consolidated income statement as at 30 June 2019 is comparable with previous years if note 2 is taken into account.

Consolidated statement of comprehensive income

	Notes	1.1.–30.6.2019 CHF 1,000	1.1.–30.6.2018 CHF 1,000
Consolidated profit		**543**	8,927
Remeasurement of post-employment benefits	6	**(5,813)**	(16,361)
Income tax on remeasurement of post-employment benefits		**1,411**	3,587
Total items that will not be reclassified to income statement in the future		**(4,402)**	(12,774)
Changes from cash flow hedges		**(41)**	(11)
Changes from net investment hedges		**906**	793
Foreign exchange differences		**(2,733)**	(990)
Total items that will be reclassified to income statement in the future		**(1,868)**	(208)
Other comprehensive income		**(6,270)**	(12,982)
Attributable to:			
Shareholders of Implenia Ltd.		**(6,267)**	(12,999)
Non-controlling interests		**(3)**	17
Total comprehensive income		**(5,727)**	(4,055)
Attributable to:			
Shareholders of Implenia Ltd.		**(7,558)**	(6,255)
Non-controlling interests		**1,831**	2,200

Consolidated balance sheet

ASSETS	Notes	30.6.2019 CHF 1,000	31.12.2018 CHF 1,000	30.6.2018 CHF 1,000
Cash and cash equivalents		**704,702**	913,233	821,279
Derivative financial instruments		**1,251**	1,144	2,030
Trade receivables	7	**517,633**	494,988	542,755
Work in progress	8	**495,032**	357,531	429,191
Joint ventures (equity method)		**38,628**	39,069	70,019
Income tax receivables		**9,129**	9,360	10,946
Other receivables		**38,443**	46,488	52,632
Raw materials and supplies		**71,264**	73,941	60,967
Real estate transactions		**198,786**	185,292	158,742
Accrued income and prepaid expenses		**34,594**	21,577	33,266
Total current assets		**2,109,462**	2,142,623	2,181,827
Property, plant and equipment		**295,267**	301,688	289,684
Rights of use from leases	2	**139,714**	–	–
Investment property		**14,084**	14,381	14,724
Investments in associates		**48,907**	53,061	49,788
Other financial assets		**9,641**	9,669	10,102
Pension assets	6	**5,697**	5,707	5,707
Intangible assets		**303,984**	308,045	322,046
Deferred tax assets		**26,486**	26,181	3,843
Total non-current assets		**843,780**	718,732	695,894
Total assets		**2,953,242**	2,861,355	2,877,721

The consolidated balance sheet as at 30 June 2019 is comparable with previous years if note 2 is taken into account.

EQUITY AND LIABILITIES	Notes	30.6.2019 CHF 1,000	31.12.2018 CHF 1,000	30.6.2018 CHF 1,000
Financial liabilities	2,9	**42,060**	21,739	8,341
Derivative financial instruments		**78**	364	1,216
Trade payables		**410,999**	370,602	475,110
Work in progress	8	**922,408**	980,350	852,845
Joint ventures (equity method)		**28,853**	29,573	32,156
Income tax liabilities		**13,326**	26,700	21,279
Other liabilities		**91,195**	98,864	82,384
Prepaid income and accrued expenses		**134,136**	127,669	154,863
Provisions		**22,398**	15,672	17,773
Total current liabilities		**1,665,453**	1,671,533	1,645,967
Financial liabilities	2,9	**606,919**	494,283	499,541
Deferred tax liabilities		**47,407**	49,309	56,283
Pension liabilities	6	**20,105**	20,678	18,781
Provisions		**42,535**	40,377	53,988
Total non-current liabilities		**716,966**	604,647	628,593
Share capital	10	**18,841**	18,841	18,841
Treasury shares	10	**(1,199)**	(4,468)	(8,661)
Reserves		**528,800**	550,983	565,601
Consolidated profit attributable to shareholders		**(1,291)**	(5,059)	6,744
Equity attributable to shareholders		**545,151**	560,297	582,525
Non-controlling interests		**25,672**	24,878	20,636
Total equity		**570,823**	585,175	603,161
Total equity and liabilities		**2,953,242**	2,861,355	2,877,721

The consolidated balance sheet as at 30 June 2019 is comparable with previous years if note 2 is taken into account.

Consolidated statement of changes in equity

	Share capital	Treasury shares	Reserves: Capital reserves	Reserves: Foreign exchange differences	Reserves: Cash flow hedge reserves	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**	**CHF 1,000**	**CHF 1,000**
Equity as at 1.1.2019	18,841	(4,468)	90,414	(35,119)	9	490,620	**560,297**	24,878	**585,175**
Consolidated profit	–	–	–	–	–	(1,291)	**(1,291)**	1,834	**543**
Other comprehensive income	–	–	–	(1,824)	(41)	(4,402)	**(6,267)**	(3)	**(6,270)**
Total comprehensive income	–	–	–	(1,824)	(41)	(5,693)	**(7,558)**	1,831	**(5,727)**
Dividends	–	–	–	–	–	(9,202)	**(9,202)**	(923)	**(10,125)**
Change in treasury shares	–	3,269	(2,157)	–	–	(1,287)	**(175)**	–	**(175)**
Share-based payments	–	–	–	–	–	1,675	**1,675**	–	**1,675**
Change in non-controlling interests	–	–	114	–	–	–	**114**	(114)	**–**
Total other changes in equity	–	3,269	(2,043)	–	–	(8,814)	**(7,588)**	(1,037)	**(8,625)**
Total equity as at 30.6.2019	18,841	(1,199)	88,371	(36,943)	(32)	476,113	**545,151**	25,672	**570,823**
Equity as at 1.1.2018	18,841	(14,090)	91,938	(27,064)	119	549,611	**619,355**	21,358	**640,713**
Consolidated profit	–	–	–	–	–	6,744	**6,744**	2,183	**8,927**
Other comprehensive income	–	–	–	(224)	(11)	(12,764)	**(12,999)**	17	**(12,982)**
Total comprehensive income	–	–	–	(224)	(11)	(6,020)	**(6,255)**	2,200	**(4,055)**
Dividends	–	–	–	–	–	(36,620)	**(36,620)**	(1,359)	**(37,979)**
Change in treasury shares	–	5,429	616	–	–	(1,486)	**4,559**	–	**4,559**
Share-based payments	–	–	–	–	–	1,486	**1,486**	–	**1,486**
Change in non-controlling interests	–	–	–	–	–	–	**–**	(1,563)	**(1,563)**
Total other changes in equity	–	5,429	616	–	–	(36,620)	**(30,575)**	(2,922)	**(33,497)**
Total equity as at 30.6.2018	18,841	(8,661)	92,554	(27,288)	108	506,971	**582,525**	20,636	**603,161**

Consolidated cash flow statement

	Notes	1.1.–30.6.2019 CHF 1,000	1.1.–30.6.2018 CHF 1,000
Consolidated profit		**543**	8,927
Tax		**176**	2,976
Financial result	5	**8,581**	6,151
Depreciation and amortisation		**63,647**	37,981
Result from sale of non-current assets		**75**	(604)
Income and distribution from associates		**2,733**	735
Change in provisions		**9,513**	6,999
Change in pension assets and liabilities		**(6,142)**	(16,404)
Change in net working capital			
Change in trade and other receivables		**(18,653)**	(77,531)
Change in work in progress (net), raw materials and supplies		**(191,777)**	(153,344)
Change in real estate transactions		**(13,496)**	(687)
Change in trade payables and other liabilities		**34,978**	109,117
Change in accruals and joint ventures (equity method)		**(6,816)**	(12,306)
Other expenses/income not affecting liquidity		**1,080**	(1,624)
Interest paid		**(5,293)**	(3,057)
Interest received		**552**	191
Tax paid		**(14,159)**	(22,099)
Cash flow from operating activities		**(134,458)**	(114,579)
Investments in property, plant and equipment		**(36,460)**	(27,220)
Disposals of property, plant and equipment		**2,579**	2,869
Investments in other financial assets and associates		**(2,143)**	–
Disposals of other financial assets and associates		**3,175**	1,122
Investments in intangible assets		**(156)**	(1,066)
Cash flow from investing activities		**(33,005)**	(24,295)

	Notes	1.1.–30.6.2019 CHF 1,000	1.1.–30.6.2018 CHF 1,000
Increase in financial liabilities	9	**1,557**	9,223
Repayment of financial liabilities	9	**(31,939)**	(1,613)
Change in treasury shares		**1,112**	6,045
Dividends		**(9,202)**	(36,620)
Cash flow with non-controlling interests		**(923)**	(1,219)
Cash flow from financing activities		**(39,395)**	(24,184)
Foreign exchange differences on cash andcash equivalents		**(1,673)**	(1,106)
Change in cash and cash equivalents		**(208,531)**	(164,164)
Cash and cash equivalents at the beginning of the period		**913,233**	985,443
Cash and cash equivalents at the end of the period		**704,702**	821,279

The consolidated cash flow statement as at 30 June 2019 is comparable with previous years if note 2 is taken into account.

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 2019 was approved by the Board of Directors of Implenia Ltd. on 19 August 2019. The interim financial report as at 30 June 2019 was not audited by the statutory auditor PricewaterhouseCoopers Ltd., Zurich. Unless otherwise stated, the figures in the 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 2019. The interim financial report was prepared in accordance with IAS 34 "Interim Financial Reporting". The report does not contain all the notes and comments required for the Annual Report. It should therefore be read in conjunction with the consolidated financial statements as at 31 December 2018, 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 to and described in the financial report 2018, with the exception of IFRS 16 "Leases", which have been applied for the first time to the reporting year starting on 1 January 2019.

The material impact on this interim financial report of the conversion to IFRS 16 "Leases" is shown as follows.

IFRS 16 LEASES

IFRS 16 "Leases" replaces the previous standard IAS 17 "Leases" and the interpretations associated therewith, and is to be applied to all leasing agreements.

Under IFRS 16, all assets and liabilities arising from leases must be recognised in 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 recognition of lease obligations as liabilities expand the balance sheet.

Implenia has material leases for real estate, large-scale equipment, vehicles and small machinery as well as site equipment. The 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.

Implenia applies the modified retrospective method for the conversion to IFRS 16. All existing leases subject to the provisions of IAS 17 were reported without re-evaluation for the first application of IFRS 16. Initial direct costs were not taken into account. Information that was available after the first application was used for the assessment of the lease periods. In addition, a uniform discount rate was utilised for leasing agreement portfolios that display similar characteristics (e.g. with regard to the residual term). The weighted average discount rate as at the first application is 3.2%. With regard to existing finance leases, the carrying amount of property, plant and equipment as well as lease liabilities as at 31 December 2018 were carried over. In general, most of Implenia's leases were operating leases. Service components such as insurance premiums or incidental rental costs were posted separately in the income statement, provided such costs could be discerned from the leasing agreements.

Extension and cancellation options with respect to the lease period are taken into account if the exercise or non-exercise of such options is assessed as reasonably certain. The further in the future the assessment date for these options lies, the more uncertain their exercise will be. For most agreements, an assessment was made that an exercise of the options after five years can no longer be considered reasonably certain. Due to the counterparty's right of termination, the term of certain agreements is limited to the enforceable lease period.

Right of use assets in the amount of CHF 161.5 million were recognised as at 1 January 2019. These rights of use relate mainly to the categories of business premises (CHF 92.4 million) and machines and vehicles (CHF 69.1 million). They are reported in the "Rights of use from leases" balance sheet item. Existing assets from finance leases amounting to CHF 8.2 million were transferred from property, plant and equipment to rights of use. The first application resulted in the recognition of additional liabilities arising from leases in the amount of CHF 152.8 million. Financial liabilities in the amount of CHF 8.3 million arising from existing finance leases remain unchanged. Liabilities arising from leases consist of current liabilities of CHF 50.9 million and non-current liabilities of CHF 110.2 million and are included in financial liabilities. The difference of CHF 0.4 million between the recognition of rights of use and lease liabilities is the result of adjustments made due to advance payments in the amount of CHF 0.5 million, as well as a difference of CHF –0.1 million in the carrying amounts of the finance leases that were carried over.

The operating lease obligations reported as at 31 December 2018 have the following effects on the lease liabilities recognised as at 1 January 2019:

	CHF 1,000
Operating leases as of 31 December 2018	172,617
Effect of discounting (average interest rate: 3.2%)	(26,533)
Finance leases	8,329
Short term leases and leases of low value	(8,170)
Previously not considered options	14,905
Lease liabilities as of 1 January 2019	161,148

Had Implenia applied the replaced standard in the reporting period, total assets would have been CHF 131.0 million lower, while the equity ratio would have been around one percentage point higher. Under IAS 17, leasing expenses were included in the "Other operating expenses" income statement item. Now the expense for leases that must be recognised in accordance with IFRS 16 is split between the "Depreciation and amortisation" and "Financial expense" items. EBITDA would have been CHF 31.6 million lower in the reporting period, while operating income would have been CHF 1.5 million lower. Other operating expenses (rental expense) would have been CHF 31.6 million higher, while depreciation would have been CHF 30.1 million lower and interest expenses CHF 2.4 million lower. The effect on profit before tax and earnings per share in the reporting period would have been immaterial. The cash flow from the newly recognised leasing payments was previously included in full in "Cash flow from operating activities". The amortisation component of lease liabilities is now recognised as "Cash flow from financing activities". Cash flow from operating activities would have been CHF 29.4 million lower in the reporting period, while cash flow from financing activities would have been correspondingly higher.

RESTATEMENT

Impact on the consolidated balance sheet (condensed) as at 1 January 2019:

ASSETS	31.12.2018 reported	IFRS 16	**1.1.2019 restated**
	CHF 1,000	CHF 1,000	CHF 1,000
Accrued income and prepaid expenses	21,577	(492)	**21,085**
Total current assets	2,142,623	(492)	**2,142,131**
Property, plant and equipment	301,688	(8,197)	**293,491**
Rights of use from leases	–	161,508	**161,508**
Total non-current assets	718,732	153,311	**872,043**
Total assets	2,861,355	152,819	**3,014,174**

EQUITY AND LIABILITIES	31.12.2018 reported	IFRS 16	**1.1.2019 restated**
	CHF 1,000	CHF 1,000	CHF 1,000
Financial liabilities	21,739	47,550	**69,289**
Total current liabilities	1,671,533	47,550	**1,719,083**
Financial liabilities	494,283	105,269	**599,552**
Total non-current liabilities	604,647	105,269	**709,916**
Equity attributable to shareholders	560,297	–	**560,297**
Total equity	585,175	–	**585,175**
Total equity and liabilities	2,861,355	152,819	**3,014,174**

Notes to the interim financial report of Implenia

3 SEASONALITY

Implenia's building production services are subject to seasonal fluctuations 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 2018 is also shown to improve comparability.

4 SEGMENT REPORTING

The Group's business segments are based on the organisational units which are reported on to the Implenia Executive Committee (IEC) and the Group Board of Directors. 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. Within the framework of a new Group strategy, the Implenia Group was given a divisional structure in 2019. On the basis of the adjusted internal organisation and reporting structure, the following divisions were identified:

- Development
- Buildings
- Civil Engineering
- Specialties

The organisational structure also includes "Functions". This unit relates to non-offsettable costs from global functions as well as costs that cannot be assigned to any other division. It also includes Group companies with no activities.

The divisions undertake the following activities:

DEVELOPMENT

The Development Division brings together Implenia's expertise in project development, from the initial idea to the completed building project. As a partner for private and institutional property developers, the division develops and realises sustainable properties and sites in Switzerland, and can also utilise its own land bank. The division has a geographically broad project portfolio with a focus on the strong growth regions of Zurich and Lake Geneva.

BUILDINGS

The Buildings Division comprises the holistic design and execution of complex new constructions as well as modernisation work on existing properties. As a general and total contractor, Implenia offers comprehensive services from a single source. Modernisation activities bring together the division's expertise in conversion and renovation, covering everything from consultancy to implementation. The division's home markets are Switzerland, Germany and Austria.

CIVIL ENGINEERING

The Civil Engineering Division is responsible for tunnel construction, foundation engineering and regional business – e.g. road and rail construction. The division is present in all of Implenia's home markets. It also bids on large, complex projects in Europe outside these markets.

SPECIALTIES

The Specialties Division comprises Implenia's niche offers, such as those relating to wood-based construction, formwork construction, facade and pre-tensioning technology and construction logistics. The division is also responsible for gravel works in Switzerland and abroad.

The relationship between the current divisions and the previous segments as per the 2018 financial statements is illustrated below:

	Current divisions			
Previous segments	Development	Buildings	Civil Engineering	Specialties
Development	X			
Switzerland	X	X	X	X
Infrastructure			X	
International		X	X	X

The previous year's figures in the segment reporting were adjusted accordingly.

As part of the reorganisation in 2019, goodwill was reallocated as at 1 January 2019. The allocation was basically performed as a one-to-one relationship. Goodwill in the Specialties Division was allocated primarily on the basis of a relative value approach.

Goodwill was allocated as follows:

	Current divisions			
Previous segments	Buildings	Civil Engineering	Specialties	**Total**
	CHF 1,000	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**
Switzerland	41,360	6,561	2,413	**50,334**
Infrastructure	–	53,141	–	**53,141**
International	105,603	60,944	33,390	**199,937**
Total	146,963	120,646	35,803	**303,412**

Segment reporting, as presented to the Board of Directors, as at 30 June 2019:

	Development	Buildings	Civil Engineering	Specialties	Total of divisions	Functions[1]	Total
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
IFRS revenue unconsolidated	105,744	1,102,552	1,117,736	119,642	**2,445,674**	30,993	**2,476,667**
Intra-Group revenue	(18,263)	(137,380)	(95,484)	(12,996)	**(264,123)**	(28,310)	**(292,433)**
Consolidated revenue	87,481	965,172	1,022,252	106,646	**2,181,551**	2,683	**2,184,234**
EBITDA excl. IFRS 16[2]	27,133	16,550	(4,521)	6,296	**45,458**	(4,096)	**41,362**
EBITDA	27,431	21,314	18,472	6,481	**73,698**	(751)	**72,947**
Operating income excl. PPA[3]	26,962	15,912	(26,605)	478	**16,747**	(5,389)	**11,358**
Operating income	26,962	15,301	(28,052)	478	**14,689**	(5,389)	**9,300**
Current assets (excl. cash and cash equivalents)	225,377	368,709	697,542	100,748	**1,392,376**	12,384	**1,404,760**
Non-current assets (excl. pension assets and rights of use from leases)	13,793	157,570	405,386	103,808	**680,557**	17,812	**698,369**
Less debt capital (excl. financial and pension liabilities)	(105,540)	(926,754)	(561,266)	(67,350)	**(1,660,910)**	(52,425)	**(1,713,335)**
Total invested capital excl. IFRS 16	133,630	(400,475)	541,662	137,206	**412,023**	(22,229)	**389,794**
Rights of use from leases	1,908	43,082	72,818	1,348	**119,156**	20,558	**139,714**
Total invested capital	135,538	(357,393)	614,480	138,554	**531,179**	(1,671)	**529,508**
Investments in property, plant and equipment and intangible assets	–	622	30,764	4,913	**36,299**	318	**36,617**

[1] Including eliminations
[2] EBITDA as reported to the chief operating decision maker (EBITDA before adjustments due to the conversion to IFRS 16)
[3] 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)

Segment reporting, as presented to the Board of Directors, as at 30 June 2018 (restated):

	Development	Buildings	Civil Engineering	Specialties	**Total of divisions**	Functions[1]	**Total**
	CHF 1,000	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**
IFRS revenue unconsolidated	60,408	1,118,674	1,037,499	139,493	**2,356,074**	37,357	**2,393,431**
Intra-Group revenue	(5,663)	(102,863)	(112,317)	(12,530)	**(233,373)**	(36,334)	**(269,707)**
Consolidated revenue	54,745	1,015,811	925,182	126,963	**2,122,701**	1,023	**2,123,724**
EBITDA	22,980	16,697	5,329	11,570	**56,576**	(541)	**56,035**
Operating income excl. PPA[2]	22,670	15,591	(14,661)	5,904	**29,504**	(2,342)	**27,162**
Operating income	22,670	9,359	(17,537)	5,904	**20,396**	(2,342)	**18,054**
Current assets (excl. cash and cash equivalents)	210,536	444,443	586,828	106,205	**1,348,012**	12,536	**1,360,548**
Non-current assets (excl. pension assets)	17,122	169,001	383,383	104,519	**674,025**	16,162	**690,187**
Less debt capital (excl. financial and pension liabilities)	(72,466)	(1,034,989)	(560,407)	(68,995)	**(1,736,857)**	(11,040)	**(1,747,897)**
Total invested capital	155,192	(421,545)	409,804	141,729	**285,180**	17,658	**302,838**
Investments in property, plant and equipment and intangible assets	–	1,335	21,187	6,043	**28,565**	2,565	**31,130**

[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)

Reconciliation of invested capital:

	30.6.2019	30.6.2018
	CHF 1,000	CHF 1,000
Total assets	**2,953,242**	2,877,721
Minus cash and cash equivalents	**(704,702)**	(821,279)
Minus pension assets	**(5,697)**	(5,707)
Assets of invested capital	**2,242,843**	2,050,735
Total equity and liabilities	**2,953,242**	2,877,721
Minus equity	**(570,823)**	(603,161)
Minus financial liabilities	**(648,979)**	(507,882)
Minus pension liabilities	**(20,105)**	(18,781)
Liabilities of invested capital	**1,713,335**	1,747,897
Total invested capital excl. IFRS 16	**529,508**	302,838

Operating income from "Functions" includes:

	1.1.–30.6.2019	1.1.–30.6.2018
	CHF 1,000	CHF 1,000
Other expenses net	**(9,336)**	(6,624)
Net income from benefit pension plans	**5,397**	6,083
Depreciation (excl. depreciation of rights of use)	**(1,450)**	(1,801)
Total operating income from Functions	**(5,389)**	(2,342)

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

	30.6.2019	31.12.2018
	CHF 1,000	CHF 1,000
Switzerland	**308,672**	237,539
Germany	**284,212**	279,188
Austria	**31,897**	25,047
Norway	**68,676**	52,864
Sweden	**30,971**	284
France	**10,134**	10,225
Other countries	**18,487**	18,967
Total as at reporting date	**753,049**	624,114

Revenue from contracts with customers was distributed geographically as follows from 1 January to 30 June 2019:

	Development	Buildings	Civil Engineering	Specialties	Functions	Total
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Switzerland	87,260	719,082	348,559	19,074	–	**1,173,975**
Germany	41	199,549	307,589	66,238	–	**573,417**
Austria	–	43,919	53,670	3,901	–	**101,490**
Norway	–	–	135,406	–	–	**135,406**
Sweden	–	–	108,032	–	–	**108,032**
France	–	–	54,745	–	–	**54,745**
Other countries	–	–	–	17,327	–	**17,327**
Revenue from contracts with customers	87,301	962,550	1,008,001	106,540	–	**2,164,392**
Other revenue	180	2,622	14,251	106	2,683	**19,842**
Consolidated revenue	87,481	965,172	1,022,252	106,646	2,683	**2,184,234**

Revenue from contracts with customers was distributed geographically as follows from 1 January 2018 to 30 June 2018 (restated):

	Development	Buildings	Civil Engineering	Specialties	Functions	Total
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Switzerland	54,342	749,087	336,921	16,038	–	**1,156,388**
Germany	137	223,447	268,164	81,241	–	**572,989**
Austria	–	36,373	53,833	4,476	–	**94,682**
Norway	–	–	178,684	–	–	**178,684**
Sweden	–	–	59,008	–	–	**59,008**
France	–	–	19,548	–	–	**19,548**
Others	–	4,384	–	25,075	–	**29,459**
Revenue from contracts with customers	54,479	1,013,291	916,158	126,830	–	**2,110,758**
Other revenue	266	2,520	9,024	133	1,023	**12,966**
Consolidated revenue	54,745	1,015,811	925,182	126,963	1,023	**2,123,724**

Revenue is usually recognised over time. The sale of land in the Development Division, where revenue is recognised at a certain date, constitutes an exception to this rule. Other revenue is largely the result of leasing income.

5 FINANCIAL EXPENSES AND INCOME

	1.1.–30.6.2019	1.1.–30.6.2018
	CHF 1,000	CHF 1,000
Financial expenses		
Interest expenses	**4,542**	4,555
Interest expenses from leases[1]	**2,389**	149
Bank charges	**242**	330
Costs of financial guarantees	**415**	410
Other financial expenses	**1,399**	906
Foreign currency losses	**488**	454
Total	**9,475**	6,804
Financial income		
Interest income	**557**	197
Income from investments	**67**	181
Other financial income	**100**	130
Foreign currency gains	**170**	145
Total	**894**	653
Financial result	**(8,581)**	(6,151)

[1] Contains the additional interest expenses from IFRS 16 in the reporting period, see note 2

6 REMEASUREMENT OF PENSION LIABILITIES

The discount rate used to calculate pension liabilities was lowered in the reporting period from 1.1% to 0.6% (previous year: increase of 0.1%). The negative effect before taxes in other comprehensive income of CHF –5.8 million is largely attributable to limiting the surplus on the economic benefit (asset ceiling). A negative effect before taxes of CHF –16.4 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.

7 TRADE RECEIVABLES

	30.6.2019	31.12.2018
	CHF 1,000	CHF 1,000
Third parties	**497,115**	476,602
Joint ventures (equity method)	**22,879**	22,632
Associates	**2,809**	2,122
Related parties	**58**	–
Allowance for expected credit losses	**(5,228)**	(6,368)
Total	**517,633**	494,988

NOTES

Agreements with customers generally stipulate payment terms between 30 and 90 days. The total amount of due receivables amounted to CHF 236.5 million as at 30 June 2019 (31 December 2018: CHF 250.1 million). Of the allowance for expected credit losses, CHF 5.2 million is attributable to receivables outstanding for more than 90 days (31 December 2018: CHF 5.9 million).

8 WORK IN PROGRESS

	30.6.2019	31.12.2018
	CHF 1,000	CHF 1,000
Contract assets	**478,145**	339,446
Contract costs in relation to future services by suppliers and subcontractors	**16,887**	18,085
Work in progress, assets	**495,032**	357,531
Contract liabilities	**(264,167)**	(311,693)
Provisions for current projects	**(60,232)**	(45,842)
Contract costs in relation to past services by suppliers and subcontractors	**(598,009)**	(622,815)
Work in progress, liabilities	**(922,408)**	(980,350)

9 CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

	30.6.2019	31.12.2018
	CHF 1,000	CHF 1,000
Bond issues	**250,291**	250,311
Subordinated convertible bond	**166,660**	165,321
Promissory note loans	**66,470**	67,359
Liabilities to banks	**24,957**	24,702
Lease liabilities[1]	**140,601**	8,329
Total as at reporting date	**648,979**	516,022
Maturity		
Less than 1 year	**42,060**	21,739
Between 2 and 5 years	**323,401**	210,299
Over 5 years	**283,518**	283,984
Total as at reporting date	**648,979**	516,022

[1] Contains lease obligations from the first application of IFRS 16 in the reporting year, see note 2

Bonds and promissory note loans comprise the following:

	Term	Effective interest rate	30.6.2019	31.12.2018
			CHF 1,000	CHF 1,000
Bond issues/ISIN				
1,625% Bond issue CHF 125 million/CH025 359 2767	2014–2024	1.624%	**125,000**	125,000
1,000% Bond issue CHF 125 million/CH031 699 4661	2016–2026	0.964%	**125,291**	125,311
0,500% Subordinated convertible bond CHF 175 million/CH028 550 9359	2015–2022	2.158%	**166,660**	165,321
Total as at reporting date			**416,951**	415,632
Promissory note loans				
Promissory note loan EUR 10 million	2017–2021	0.927%	**11,085**	11,232
Promissory note loan EUR 20 million	2017–2023	1.349%	**22,158**	22,454
Promissory note loan EUR 30 million	2017–2025	1.792%	**33,227**	33,673
Total as at reporting date			**66,470**	67,359

There have been the following changes to financial liabilities:

		Affecting liquidity		Not affecting liquidity			
	1.1.2019	Increase	Repayments	Foreign Exchange Differences	Unwinding of discount	Increase in Leasing	30.6.2019
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Bond issues	415,632	–	–	–	1,319	–	**416,951**
Promissory note loans	67,359	–	–	(905)	16	–	**66,470**
Liabilities to banks	24,702	1,557	(957)	(345)	–	–	**24,957**
Lease liabilities[1]	161,148	–	(30,982)	(1,779)	–	12,214	**140,601**
Total	668,841	1,557	(31,939)	(3,029)	1,335	12,214	**648,979**

[1] Contains lease obligations from the first application of IFRS 16 from 1 January 2019, see note 2

		Affecting liquidity		Not affecting liquidity			
	1.1.2018	Increase	Repayments	Foreign Exchange Differences	Unwinding of discount	Increase in Leasing	31.12.2018
	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000
Bond issues	413,038	–	–	–	2,594	–	**415,632**
Promissory note loans	70,001	–	–	(2,678)	36	–	**67,359**
Liabilities to banks	7,134	19,565	(1,286)	(711)	–	–	**24,702**
Finance lease liabilities	6,757	–	(3,100)	(388)	–	5,060	**8,329**
Total	496,930	19,565	(4,386)	(3,777)	2,630	5,060	**516,022**

NOTES

The convertible bond includes a conversion premium of 32.5% and a conversion price of CHF 75.06.

The promissory note loans were designated as net investment hedges in foreign businesses.

Under a syndicated loan agreement signed on 29 June 2018, Implenia 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 extensions up until 31 December 2025 at the latest.

10 SHARE CAPITAL

As at 30 June 2019, Implenia Ltd.'s share capital remained unchanged at CHF 18.8 million, divided into 18 472 000 shares. All shares are subscribed and fully paid up. As at 30 June 2019, all shares with the exception of 31 487 treasury shares (31 December 2018: 67 054 treasury shares) have voting rights and qualify for dividends.

The par value of a share remained unchanged at CHF 1.02 as at 30 June 2019.

During the year under review, Implenia Ltd. executed a total dividend payout of CHF 9.2 million for the 2018 financial year.

11 EARNINGS PER SHARE

	1.1.–30.6.2019	1.1.–30.6.2018
Data for calculating earnings per share:		
Consolidated profit attributable to shareholders of Implenia Ltd.	**(1,291)**	6,744
Adjustment to effect on result due to convertible bond	**1,421**	1,398
Consolidated profit attributable to shareholders of Implenia Ltd. after adjustment	**130**	8,142
Weighted average number of shares outstanding	**18,414,365**	18,293,438
Adjustment due to diluting effect of convertible bond	**2,331,469**	2,331,469
Weighted average for calculating diluted earnings per share	**20,745,834**	20,624,907
Basic earnings per share in CHF	**(0.07)**	0.37
Diluted earnings per share in CHF	**(0.07)**	0.37

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 2019.

12 FAIR VALUE MEASUREMENT

		Carrying amounts		Fair values	
	Level	**30.6.2019**	31.12.2018	**30.6.2019**	31.12.2018
		CHF 1,000	**CHF 1,000**	**CHF 1,000**	**CHF 1,000**
FINANCIAL ASSETS					
Fair value through profit or loss					
Currency derivatives	2	**1,251**	1,144	**1,251**	1,144
Fair value through other comprehensive income					
Unlisted participations	3	**7,615**	7,657	**7,615**	7,657
At amortised cost					
Trade receivables	*	**517,633**	494,988	**517,633**	494,988
Other receivables	*	**38,443**	46,488	**38,443**	46,488
Other financial assets	*	**2,026**	2,012	**2,026**	2,012
FINANCIAL LIABILITIES					
Fair value through profit or loss					
Currency derivatives	2	**78**	364	**78**	364
At amortised cost					
Trade payables	*	**410,999**	370,602	**410,999**	370,602
Promissory note loans	2	**66,470**	67,359	**67,105**	68,073
Bonds	1	**250,291**	250,311	**257,636**	232,164
Convertible bond	2	**166,660**	165,321	**158,241**	146,918
Other liabilities	*	**91,195**	98,864	**91,195**	98,864
Other financial liabilities[1]	*	**165,558**	33,031	**24,957**	33,031

[1] Fair values as at 30 June 2019 do not contain any liabilities from leases

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

13 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. The investigation has not yet been completed. 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. The two projects concerned date from the time of Bilfinger Baugesellschaft m.b.H., which was integrated into 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.

14 EVENTS AFTER THE BALANCE SHEET DATE

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

15 FOREIGN EXCHANGE RATES

		Average rate 1.1.–30.6.		Closing rate	
		2019	2018	**30.6.2019**	31.12.2018
European Union	1 EUR	**CHF 1.13**	CHF 1.17	**CHF 1.11**	CHF 1.13
Ivory Coast/Mali	100 XOF	**CHF 0.17**	CHF 0.18	**CHF 0.17**	CHF 0.17
Norway	100 NOK	**CHF 11.61**	CHF 12.19	**CHF 11.44**	CHF 11.37
Sweden	100 SEK	**CHF 10.74**	CHF 11.53	**CHF 10.51**	CHF 11.08

ALTERNATIVE PERFORMANCE BENCHMARKS

In addition to the ones prescribed by IFRS, other benchmarks are used to manage the company. The following overview explains the alternative performance benchmarks used in this report. The aim is to explain the reasons for using these benchmarks and to improve transparency and understanding.

DEFINITIONS OF ALTERNATIVE PERFORMANCE BENCHMARKS

Key figures	Definition
Order book	The order book is defined as the contractually agreed work not yet carried out in accordance with the value of the contracts for work and services as of the balance sheet date. Approved claims are included in the order book. The order book is increased by incoming orders and reduced by the production output of the period. The figure provides information about the future development of Implenia's building activities.
EBIT of the divisions	The EBIT of the divisions corresponds to the operating income of all operating divisions. This specifically contains all divisions except "Functions".
Equity ratio	The equity ratio corresponds to the ratio of equity to total assets as at the reporting date. The equity ratio is also reported taking account of the subordinated convertible bond. The equity ratio shows the financing ratio of the Implenia Group.
Results excluding PPA	Results excluding PPA report what results would have been excluding depreciation and amortisation from redetermining fair values of acquisitions.
Free cash flow	Free cash flow is defined as cash flow from operating activities, less acquisitions and disposals of non-current assets. Free cash flow provides information about the ability to generate cash and cash equivalents, to repay liabilities as well as to make acquisitions or distribute dividends.
Like for like	To measure changes compared to the previous period without the impact of exchange rate fluctuations, Implenia reports like-for-like figures (adjusted for foreign currency effects). The figures are adjusted by translating the balance sheet items at the closing rate of the previous year. However, income, expenses and cash flows of the consolidated companies are translated into CHF at the average rates of the previous period. Like-for-like figures are used to assess performance without the influence of currency translation effects.
Net cash position	The net cash position is the difference between cash and cash equivalents and interest-bearing current and non-current financial liabilities. The net cash position provides information about the situation with regard to paying interest-bearing financial liabilities.
Performance figures excl. IFRS 16	Performance figures excl. IFRS 16 show figures without the influence of the IFRS 16 lease standard. The report to the Implenia Executive Committee and the Board of Directors comprises figures without the impact of IFRS 16.
Production output (unconsolidated)	As well as the IFRS revenue, the production output also contains the proportionate revenue of the joint ventures (JV) accounted for under the equity method. The production output is a purely statistical figure and reflects the output actually produced by the Group.
Return on invested capital (ROIC)	The figure is defined as the ratio of the operating income to the average capital invested in the reporting period. The figure is used to measure profitability and capital efficiency.
Visibility	The visibility corresponds to the guaranteed production output for the current reporting period, divided by the expected production output for the current year. The visibility is an indicator of the secure use of production capacities in the future.

RECONCILIATIONS

The following reconciliation shows the derivation of the alternative performance benchmarks "production output", "EBITDA" and "earnings figures" excluding PPA:

	APM	**1.1.–30.6.2019** **CHF 1,000**	1.1.–30.6.2018 CHF 1,000
Production output (unconsolidated)	X	**2,497,155**	2,416,213
Proportional revenue and services invoiced to JVs		**(20,488)**	(22,782)
Intra-Group revenue		**(292,433)**	(269,707)
Consolidated revenue		**2,184,234**	2,123,724
EBITDA		**72,947**	56,035
Other operating expenses from leases		**(31,585)**	–
EBITDA excl. IFRS 16	X	**41,362**	56,035
Operating income		**9,300**	18,054
Depreciation and amortisation from PPA		**2,058**	9,108
Operating income excl. PPA	X	**11,358**	27,162
Consolidated profit		**543**	8,927
Depreciation and amortisation from PPA		**2,058**	9,108
Tax effect from PPA		**(617)**	(2,732)
Consolidated profit excl. PPA	X	**1,984**	15,303

The following reconciliation shows the derivation of the alternative performance benchmark "net cash position":

	APM	**30.6.2019** **CHF 1,000**	30.6.2018 CHF 1,000
Cash and cash equivalents		**704,702**	821,279
Financial liabilities		**(648,979)**	(507,882)
Net cash position	X	**55,723**	313,397
Lease liabilities		**140,601**	8,329
Net cash position excl. lease liabilities	X	**196,324**	321,726

Implenia defines free cash flow as cash flow from operating activities minus the acquisition and sale of fixed assets. The following table gives an overview of free cash flow:

	1.1.–30.6.2019	1.1.–30.6.2018
	CHF 1,000	**CHF 1,000**
Cash flow from operating activities	**(134,458)**	(114,579)
Investments in non-current assets	**(38,759)**	(28,286)
Disposal of non-current assets	**5,754**	3,991
Free cash flow	**(167,463)**	(138,874)
Impact of IFRS 16 Leases	**(29,440)**	–
Free cash flow excl. IFRS 16	**(196,903)**	(138,874)

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Key dates

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on the 2019 annual results
25 February 2020

2020 Annual General Meeting of Shareholders
24 March 2020

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