

2020 half-year results

Analysts and Media Conference

Webcast, 19 August 2020



Implenia®

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Highlights



Implenia reports an **increase of 39% in EBITDA to CHF 101.6 million**



Positive effect of **successful Ina Invest transaction overcompensates negative COVID-19 impact**



All Divisions meet expectations (pre COVID-19) – except one sub-unit



Impact of strategy implementation as planned; initiatives **sharpened & accelerated** in COVID-19 context



Guidance on group level confirmed before any COVID-19 impact¹

¹ Full year COVID-19 impact not fully predictable as of today

Content of today



Business Update

André Wyss
CEO



Finance Update

Marco Dirren
CFO



Strategy Update and Outlook

André Wyss
CEO



Your Questions

André Wyss
CEO

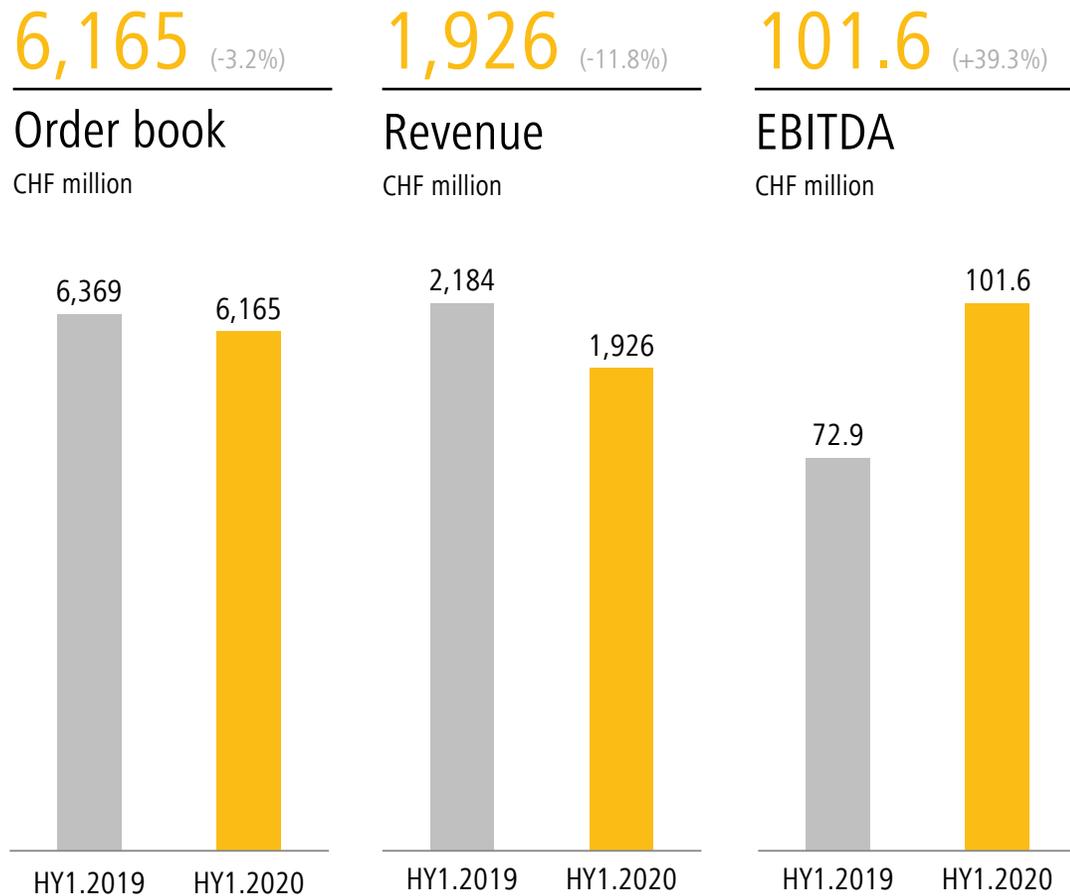
Marco Dirren
CFO

Business Update

Implenia Group and its Divisions



Implenia Group – strong EBITDA despite COVID-19



- **Order book** remains at a **high level** and continues to be **well diversified** with further **increased quality** thanks to profitability focused **Value Assurance** framework
- **Revenue decreased by 11.8%**, impacted by COVID-19
- **Strong EBITDA** despite COVID-19
- **Successful Ina Invest transaction overcompensated negative COVID-19 impact** (approx. CHF 37 million for the first half year)
- Underlying **performance of all Divisions met expectations**, except **Business Unit Civil of the Civil Engineering Division**, where **measures have been taken**

Implenia's four entrepreneurial Divisions – ready to become an integrated multinational leader in construction services



Development

Integrated project developer

with innovative business models

Site and property development, real estate services and products, Ina Invest



Buildings

End-to-end construction services provider

for all types of new builds and refurbishments

General and total contractor, general planner and real estate consulting



Civil Engineering

Specialised civil engineering business

with strong engineering capabilities

Tunnel construction, special foundations and civil works (e.g. road and railway construction)



Specialties

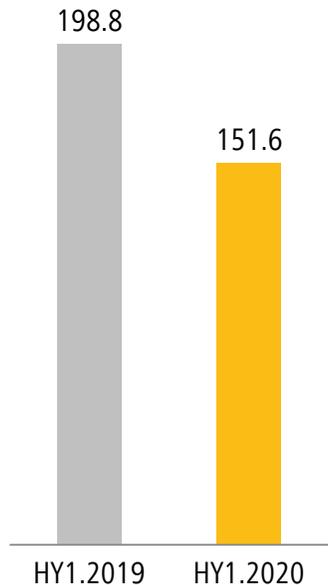
Differentiated provider

in attractive niches and with a focus on innovation

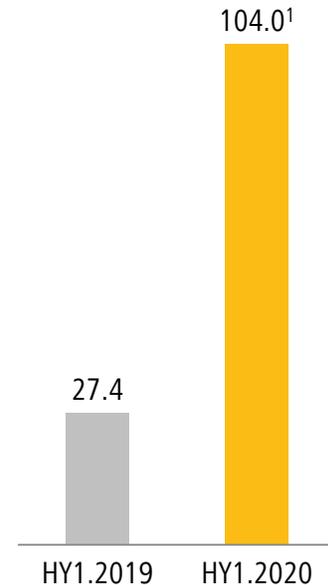
Post-tensioning & geotechnical systems, aggregate quarries, facade engineering, timber construction, construction site logistics

Development – continued strong performance

151.6 (-23.7%)
Development portfolio
CHF million



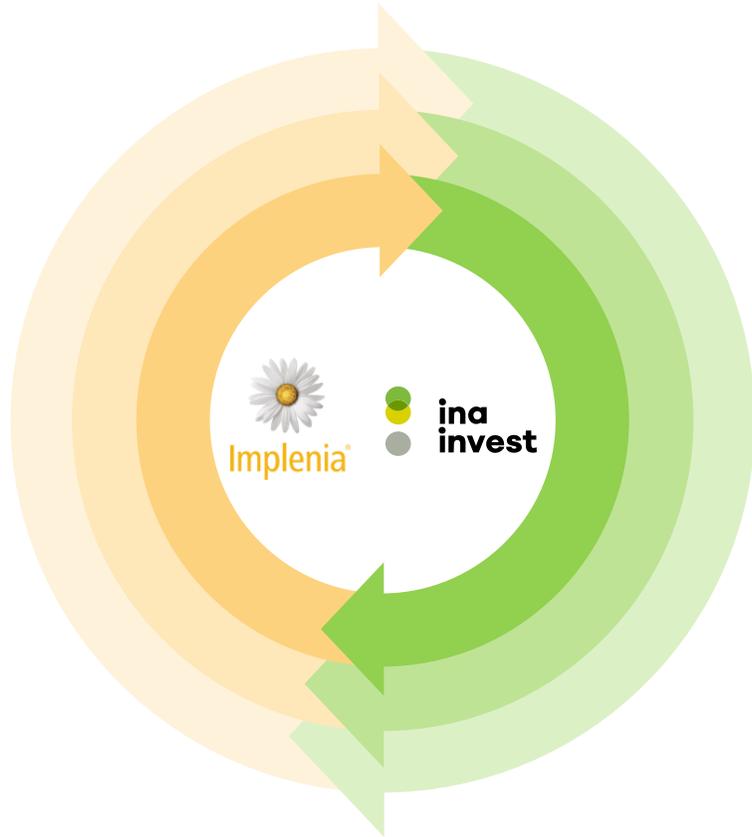
104.0 (+279.0%)
EBITDA
CHF million



- Half of the Development portfolio (at market value) **successfully transferred to Ina Invest**
- **Strong result** due to **revaluation gain** of transferred portfolio with an **EBITDA effect of CHF 107.1 million**
- **Investment in own development portfolio of CHF 28.3 million** (HY1.2019: 13.5 million) at attractive locations, e.g. in Zurich
- Continued focus on **expanding and developing portfolio as a “trader developer”** while offering **real estate services** as well as **standardized real estate products**

¹ Ina Invest transaction includes EBITDA from underlying business

Successful Ina Invest transaction as a strong basis for value creation



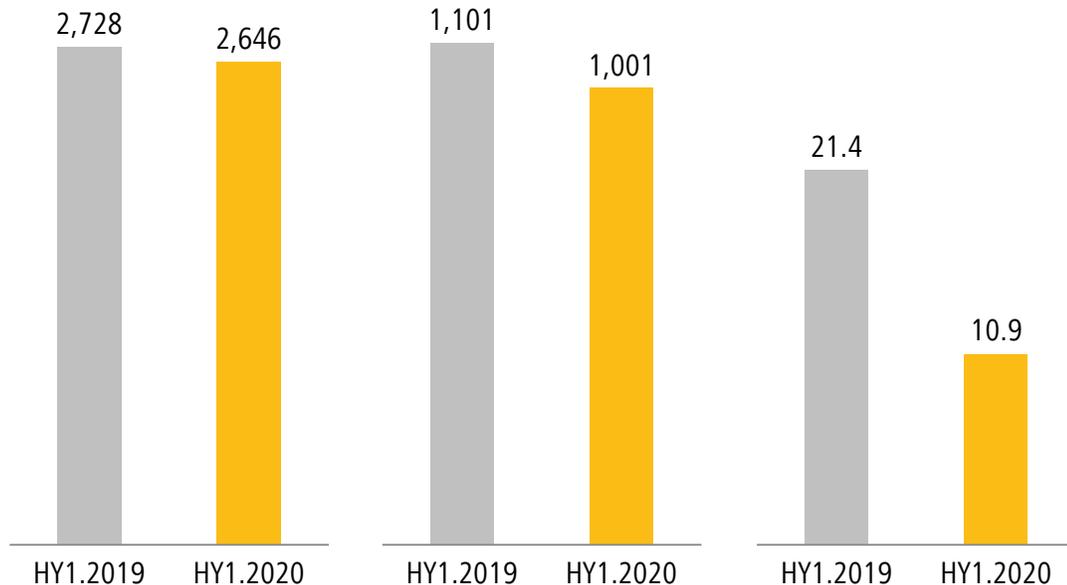
- Immediate **shareholder value creation** due to share price appreciation (post announcement of the transaction as well as the spin-off)
- **Accelerated EBITDA realization** of a significant part of the planned Development EBITDA from 2020 to 2022
- **Long-term value creation:**
 - **Partnership with Ina Invest to unlock incremental value** successfully launched and **first projects awarded**
 - New **increasing earnings** with **positive impact on equity** and expected **dividends** from **42.5% shareholder participation** in Ina Invest AG

Buildings – strong order book, underlying performance in line with prior year

2,646 (-3.0%)
Order book
 CHF million

1,001 (-9.1%)
Revenue ¹
 CHF million

10.9 (-49.1%)
EBITDA
 CHF million



- Order book with **strong quality** due to focus on **new contract models** and **profitability-oriented Value Assurance** framework and acquisitions of **new light-house projects** and **first assignments from Ina Invest**
- Decrease in revenue** driven by **temporary site closures** because of **COVID-19**
- Solid performance from underlying business** broadly **in line with previous year** (pre COVID-19) **across all service offerings**
- Focus on **extension of the value chain** with a **growing focus on pre-construction phases** in order to be a client-centric total solution provider

¹ Unconsolidated

Civil Engineering – business on track except Business Unit Civil, measures taken

3,349 (-4.3%)

Order book

CHF million

927 (-17.2%)

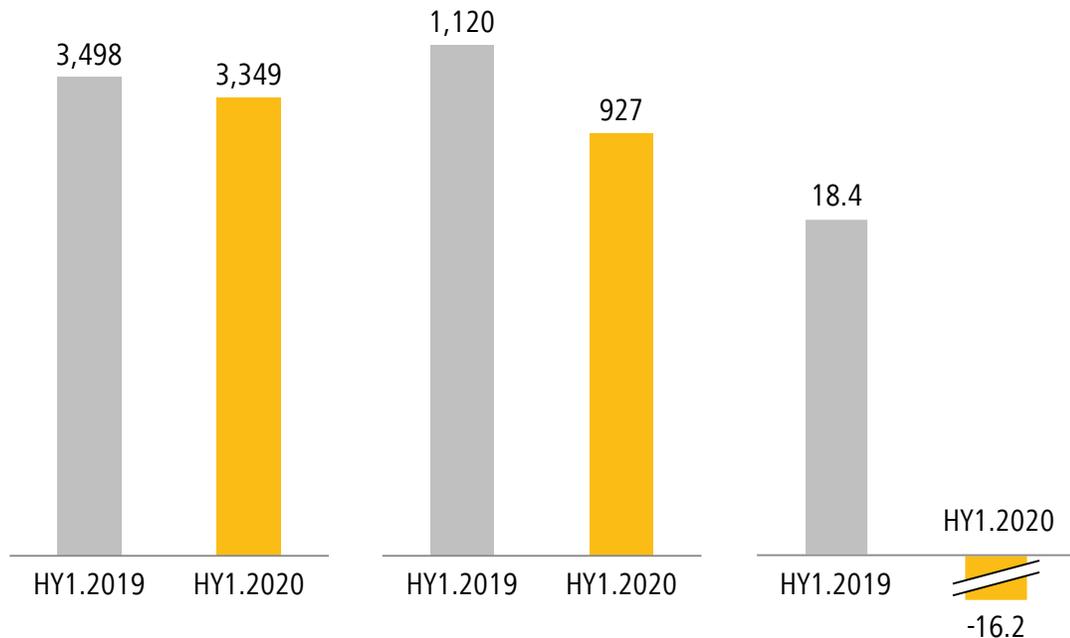
Revenue ¹

CHF million

-16.2 (n.a.)

EBITDA

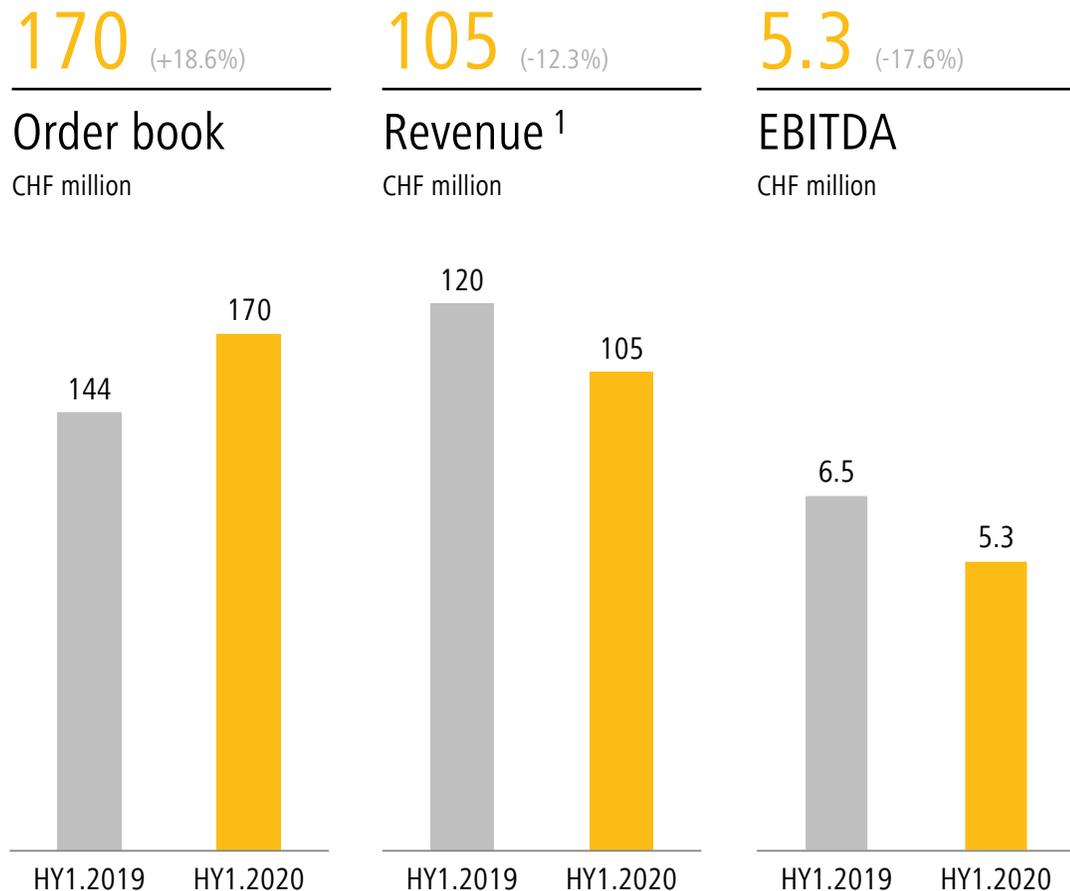
CHF million



- **Order book** remains at a high level while **revenue decreased** driven by **temporary site closures due to COVID-19**
- Business Unit **Tunnelling** and Business Unit **Special Foundations** within expectations
- **Challenges** in Business Unit **Civil accentuated by most significant COVID-19 impact across group** due to site closures and lower productivity, e.g. infection prevention and interrupted supply chains
- Focus on **accelerated strategy implementation** in **Business Unit Civil**:
 - Refined project **target portfolio**
 - Optimized **organizational structure** on BU level
 - Further enhanced **Project Excellence** tools and processes

¹ Unconsolidated

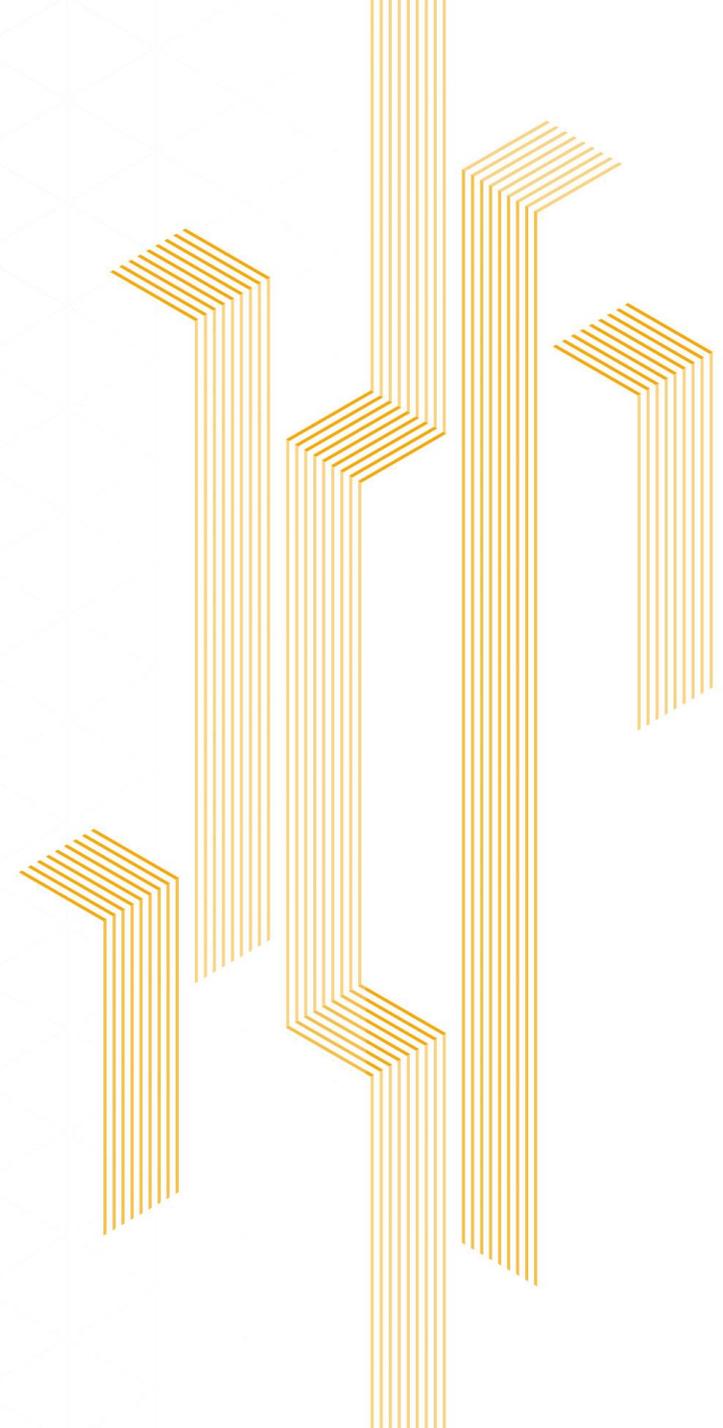
Specialties – overall solid performance



- **Order book significantly increased**; several acquisition highlights across units
- **Decrease in revenue** driven by **COVID-19**; **some units with significant negative impact**, e.g. gravel production
- **Solid performance from underlying business** broadly in line with previous year (pre COVID-19); strong performance especially in Construction Logistics, Building Technology Services and Facades
- **Implenia Innovation Hub successfully anchored**, and first business ideas being piloted in the field
- **Division's portfolio alignment** to shape change in the construction industry with a focus on **innovative services and solutions** ongoing

¹ Unconsolidated

Finance Update



Divisions meet expectations (pre COVID-19), except BU Civil

Revenue / EBITDA

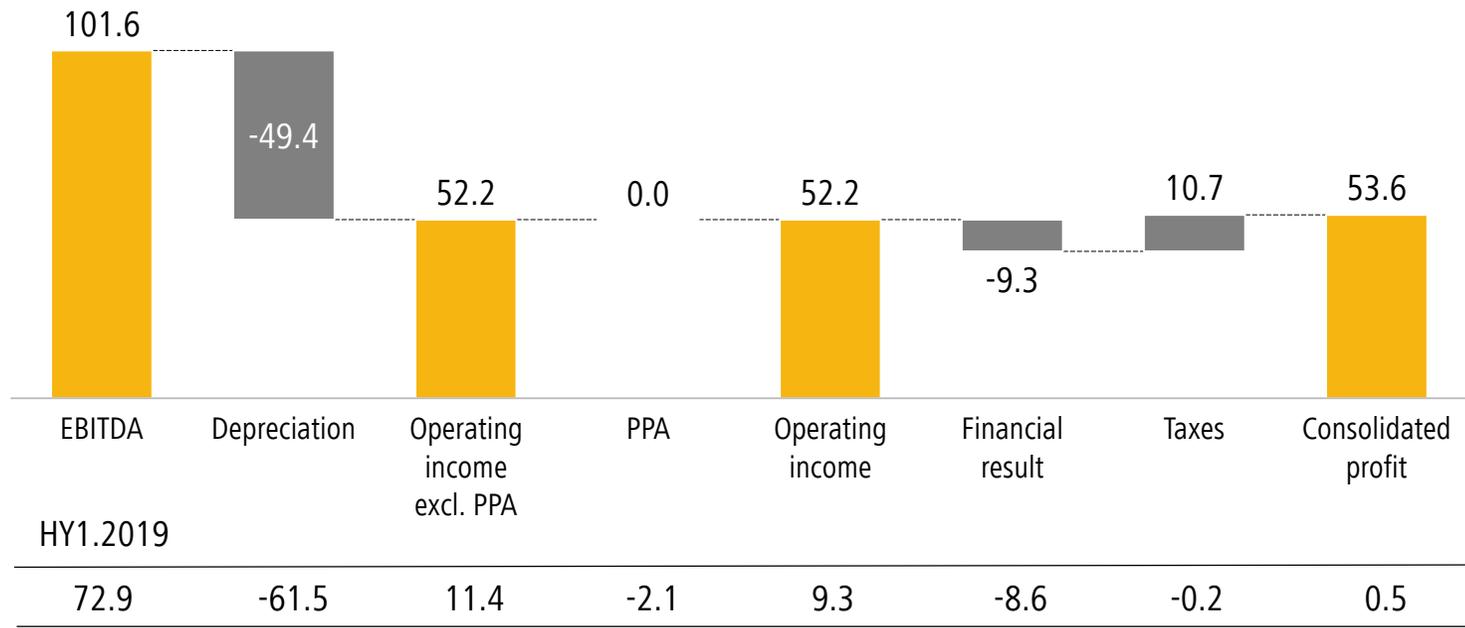
CHF million

	HY1.2020		HY1.2019		HY1.2020 – HY1.2019	
	Revenue	EBITDA	Revenue	EBITDA	Revenue	EBITDA
Development	95	104.0	106	27.4	-11	76.6
Buildings	1,001	10.9	1,101	21.4	-100	-10.5
Civil Engineering	927	-16.2	1,120	18.4	-193	-34.6
Specialties	105	5.3	120	6.5	-15	-1.2
Functions	17	-2.4	31	-0.8	-14	-1.6
Group unconsolidated	2,143	101.6	2,477	72.9	-333	28.7
Intra-Group revenue	-217	–	-292	–	75	–
Group	1,926	101.6	2,184	72.9	-258	28.7
EBITDA in % of revenue	–	5.3%	–	3.3%	–	+2.0pp

Consolidated profit clearly above previous year

Income statement (shortened)

CHF million

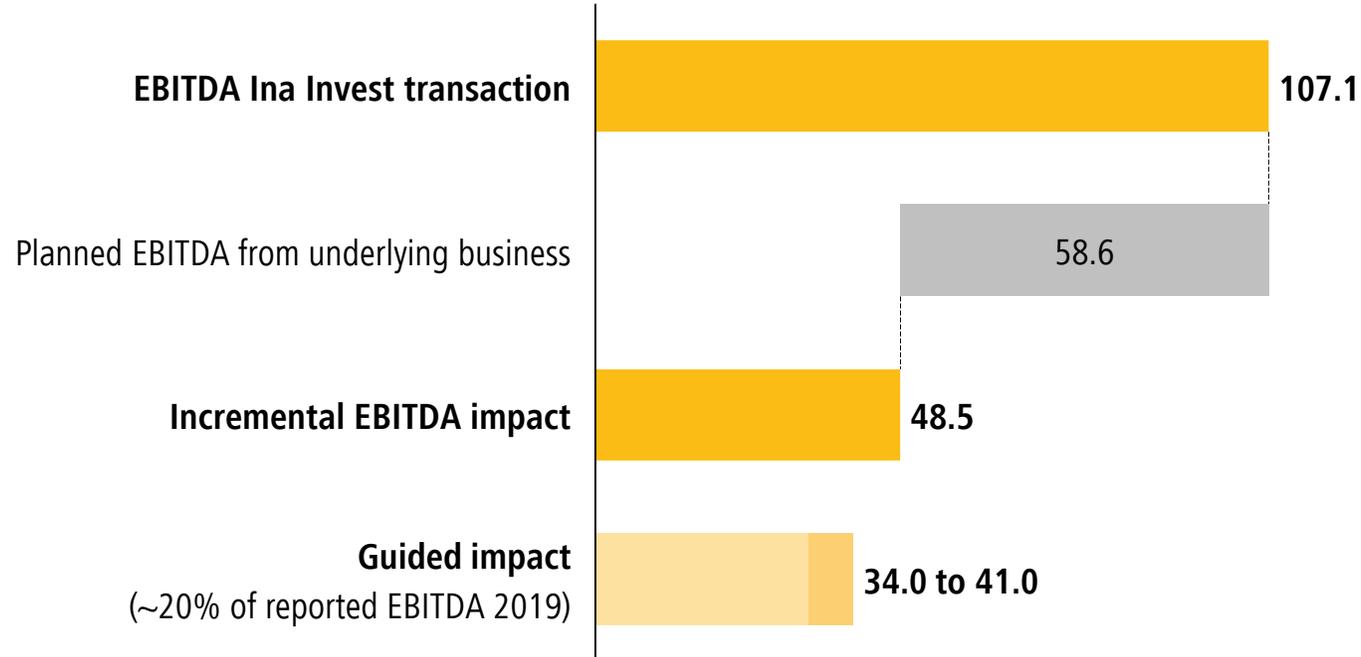


- Underlying **EBITDA** impacted by:
 - **Ina Invest transaction**
 - **COVID-19** impact
- Significant increase in **operating income** by CHF 42.9 million
- Positive tax impact related to **tax neutral dividend in kind** from **Ina Invest** transaction

Impact of Ina Invest transaction

Full year impact of Ina Invest transaction

CHF million



- **EBITDA impact** of Ina Invest transaction reflects planned **EBITDA from underlying Development business**
- Impact of transaction slightly **above upper range of guidance** (i.e. ~20% based on reported EBITDA 2019)

Implenia balance sheet impacted by Ina Invest transaction

Assets (shortened)

CHF million

	30.06.2020	30.06.2019
Cash & cash equivalents	646.8	704.7
Real estate transactions	151.6	198.8
Other current assets	1,238.6	1,206.0
Total current assets	2,037.0	2,109.5
Goodwill	289.9	300.5
Rights of use from leases	139.6	139.7
Other non-current assets	536.9	403.6
Total non-current assets	966.4	843.8
Total assets	3,003.4	2,953.2

- Continuing high level of **cash and cash equivalents**
- **Real estate transactions** (valued at acquisition costs) below previous year due to **Ina Invest transaction**
- **Goodwill** impacted by FX effects only
- Increase in **other non-current assets** driven by **42.5% participation in Ina Invest Ltd.**

Equity decrease driven by COVID-19, FX effects and Ina Invest transaction

Equity and Liabilities (shortened)

CHF million

	30.06.2020	30.06.2019
Trade payables	375.0	411.0
Other current liabilities	1,451.1	1,254.5
Total current liabilities	1,826.1	1,665.5
Long-term financial liabilities	587.2	606.9
Other non-current liabilities	87.6	110.1
Total non-current liabilities	674.8	717.0
Total equity	502.5	570.8
Total equity and liabilities	3,003.4	2,953.2
Equity ratio	16.7%	19.3%

- Decreased **trade payables** due to lower volume vs. prior year (-11.8%)
- Increase in **other current liabilities** driven by:
 - **Project provisions** related to **Ina Invest** transaction
 - **Liabilities from joint ventures**
- Long-term **financial liabilities** without significant changes
- **Equity decrease** driven by:
 - **COVID-19 impact** on EBITDA
 - Negative **FX impact**
 - **Ina Invest** transaction (dividend in kind)

Temporary extraordinary effects on equity ratio; confident for the future

Equity ratio reported

- **Temporary decrease** of equity ratio to 16.7% due to **extraordinary effects** (approx. -2.0pp):
 - **COVID-19** (approx. CHF -37 million)
 - **FX effects** (CHF -12 million)
 - **Ina Invest transaction** (CHF -9.6 million)

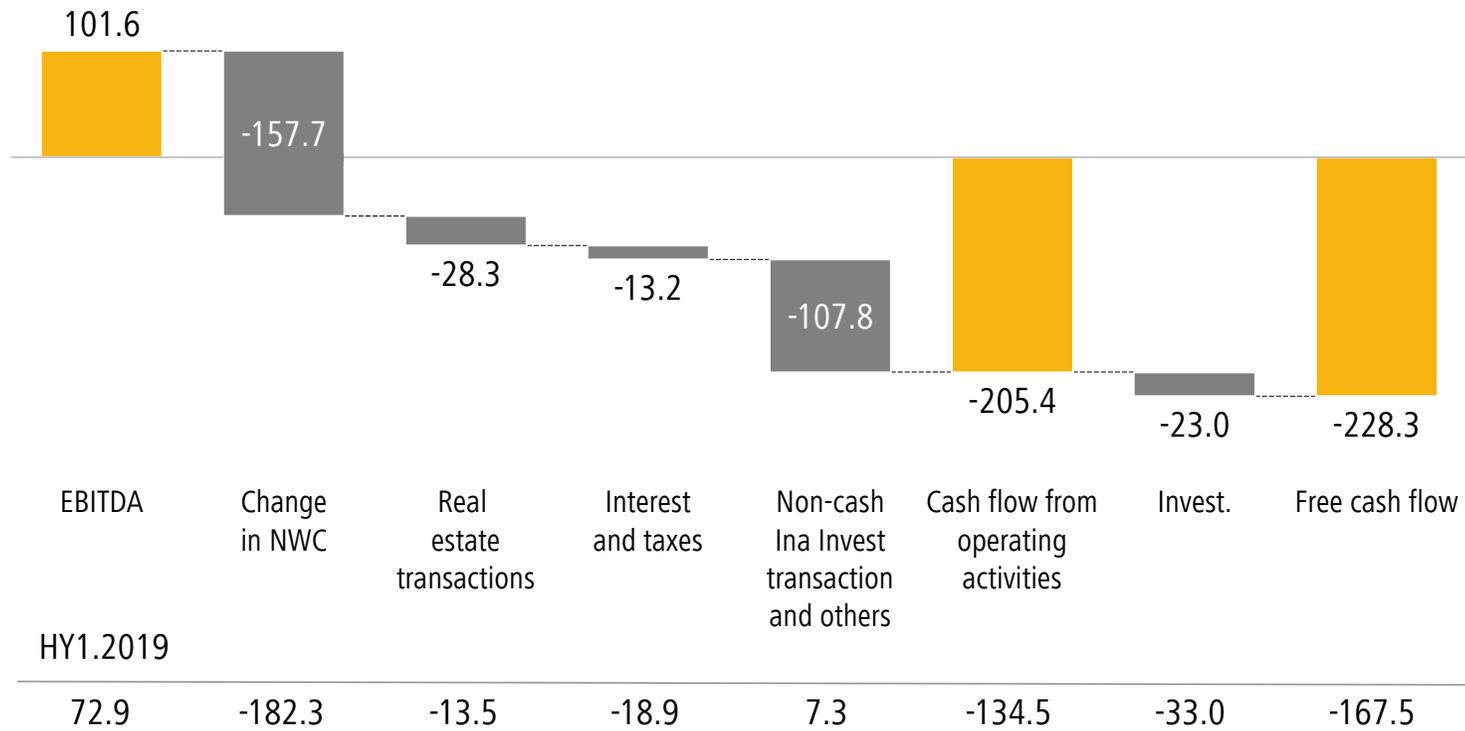
Upside potential and outlook

- **Upside potential** from remaining **Development portfolio** would lead to an **equity ratio clearly >20%**
- Positive impact (>5pp) of **subordinated convertible bonds** not reflected
- Planned short- and mid-term initiatives even **sharpened and accelerated** to reach mid-term equity ratio ambition, e.g. **divestment** of selected **non-core activities** and **externalization** of asset-heavy activities
- New **increasing earnings** with **positive impact on equity** and expected **dividends** from **42.5% shareholder participation** in Ina Invest Ltd.

Free cash flow impacted by cash neutral Ina Invest transaction

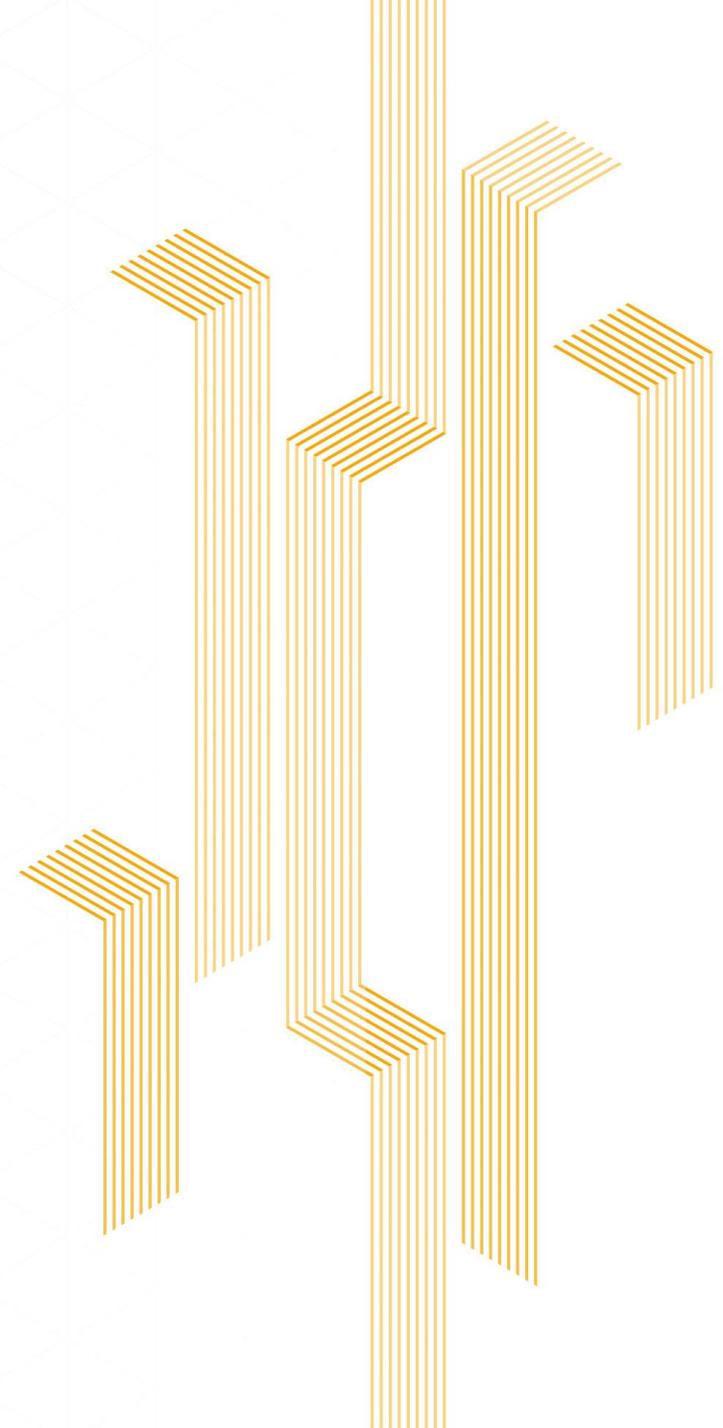
Free cash flow

CHF million



- Continuing high level of **cash and cash equivalents** (CHF 646.8 million)
- **Strict COVID-19 cash regime**
- Seasonality driven **change in Net Working Capital improved**
- Continuous **investments in Development portfolio** – confident of **opportunities** in home markets
- Free Cash Flow decreased due to **lack of cash-in from Development projects** and **cash neutral Ina Invest transaction**

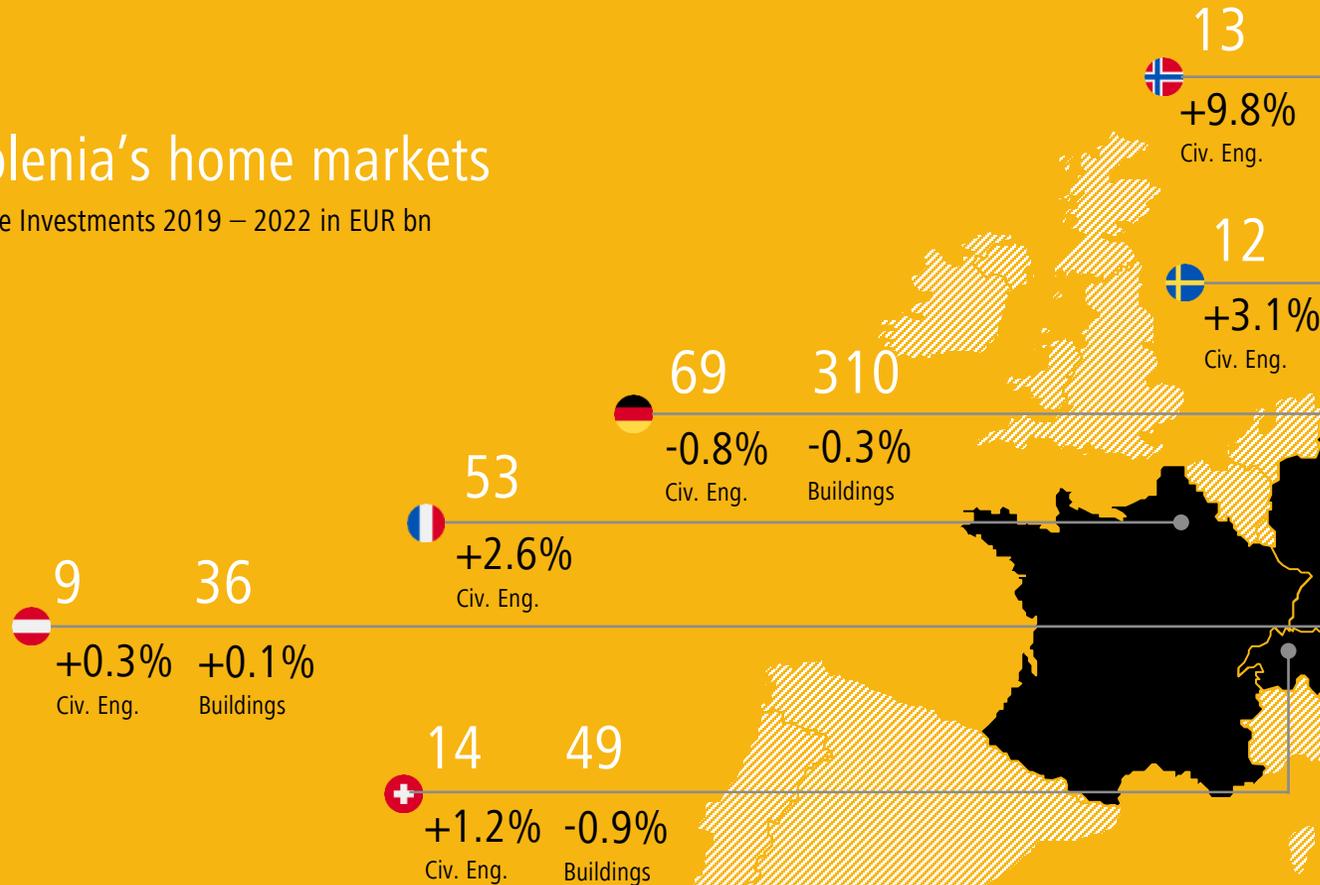
Strategy Update and Outlook



Outlook across our markets remains positive

Implenia's home markets

Average Investments 2019 – 2022 in EUR bn



Expected growth of +1.1% across **Europe** revised to a **decline of -11.5% in 2020**

European construction output **expected to recover in 2021** with approx. +6% growth and **continue to grow in 2022 (+3%)**

Home markets

CAGR 2019-2022 investments

Impact of strategic priorities as planned; initiatives sharpened and accelerated in COVID-19 context



Portfolio

Description

Run a portfolio of critical-sized businesses in attractive markets

Objective

Strong differentiated businesses

Progress

Divisional portfolio initiatives sharpened and on track
Ina Invest spin-off completed



Profitable growth

Manage and operate businesses for profitable growth

Increased market share and margins

All projects use Value Assurance framework
INSPIRE, procurement, Lean and Digitalization proceeding as planned



Innovation

Drive innovation in all segments and across businesses

Fast scaling of proven innovations

New program on industrialisation
>50 ideas in innovation stage-gate process; first ideas being field tested



Talent and organisation

Attract, develop, and retain talent with leading capabilities

Right people and skills in right roles

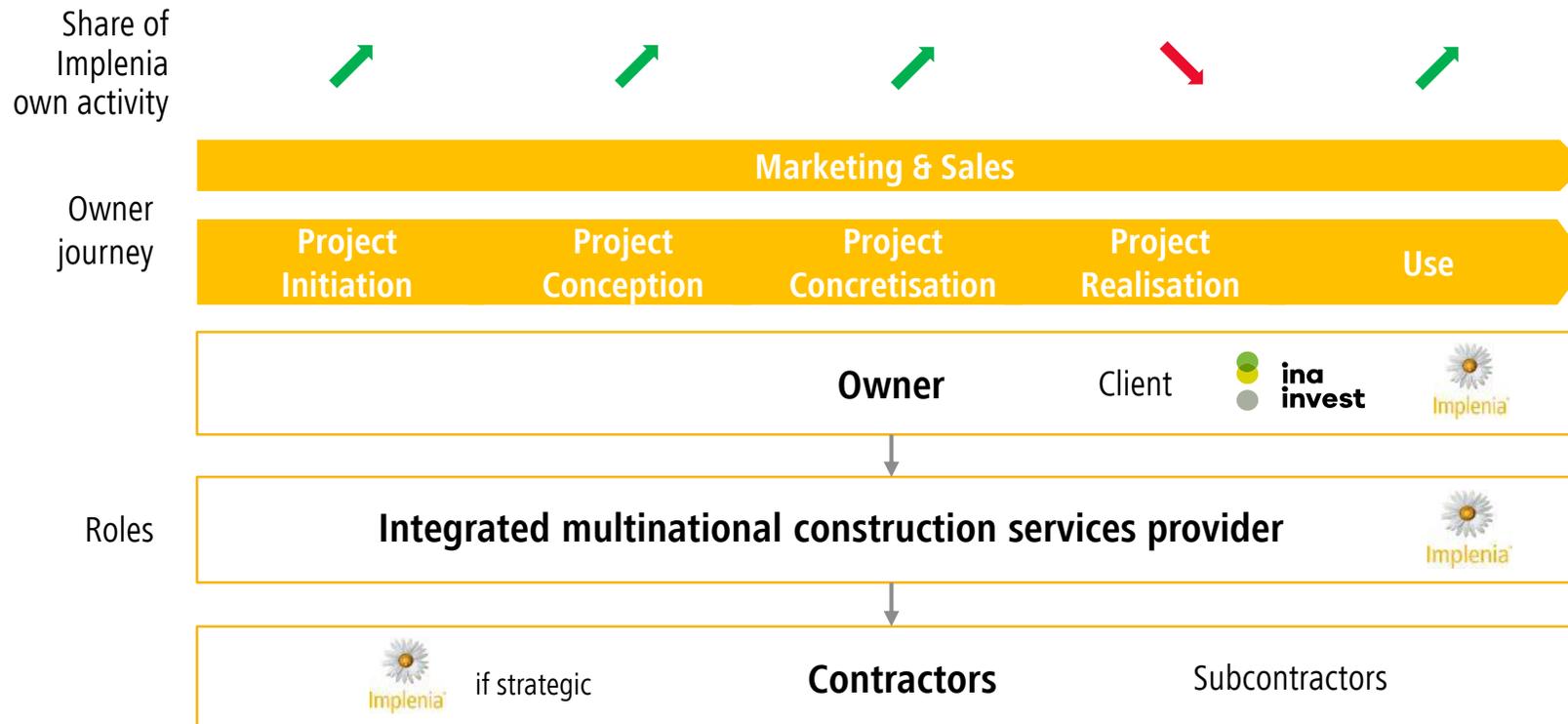
Operating model effective
Leadership Team on board
New culture based on five Implenia values evolving

Accelerated initiatives (examples): Rigorous «**best-owner**» assessments, **divestment** of selected non-core activities, **externalization** of asset-heavy activities, even stricter **cost management**, ...

Vision to become an integrated multinational leader in construction services

Envisioned positioning sharpened:

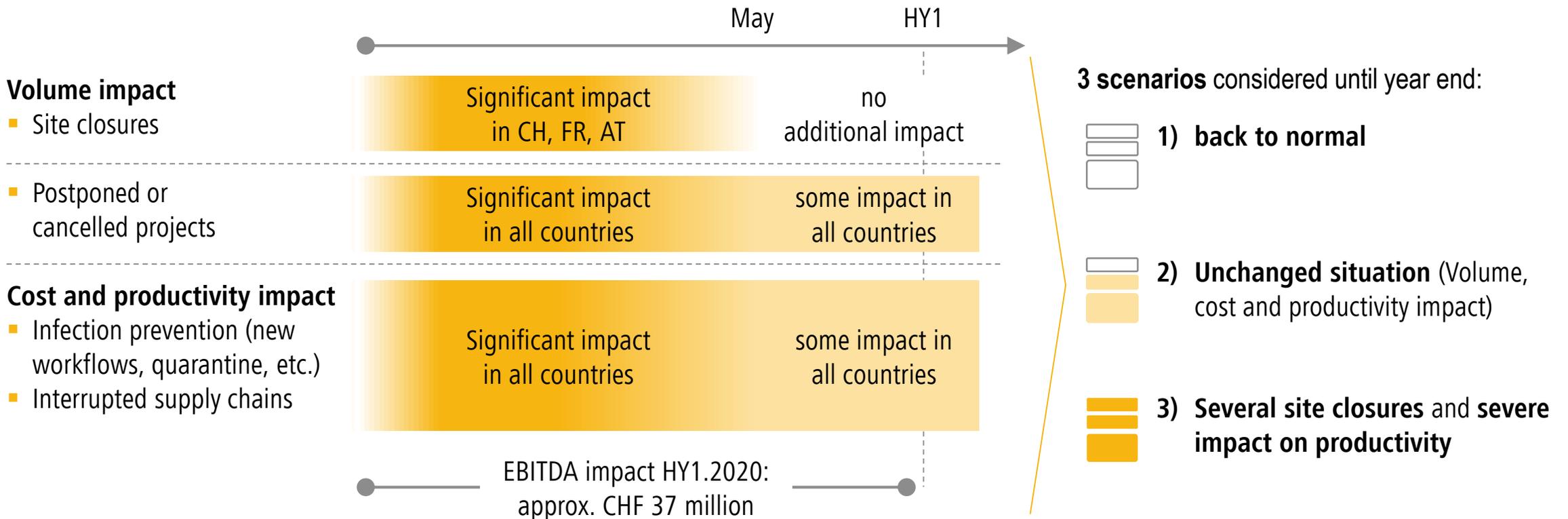
Client-centric total solution provider with growing pre-construction focus



Positioning enables significant benefits:

- **End-to-end** planning and construction management competence for **large and complex projects**
- **High flexibility** to integrate best **internal and external capabilities**
- Optimized **asset needs**

COVID-19 impact of approx. CHF 37 million in the first half year of 2020



- **Impact in the second half year** difficult to predict and dependent on **timing** and **severity** of a potential “second wave”
- **Scenario 2** anticipated with a potential additional **EBITDA impact of approx. CHF 10 to 30 million** in the second half year; therefore expected **total FY 2020 EBITDA impact of approx. CHF 47 to 67 million**

Guidance on group level confirmed before any COVID-19 impact

2020 (before any COVID-19 impact)

Mid-term target

EBITDA

Mid-single-digit percentage EBITDA growth across group¹

- **before** strategy implementation costs of CHF 10 mn (2019: CHF ~20 mn)
- **before** Ina Invest impact of ~20% (based on reported EBITDA 2019)

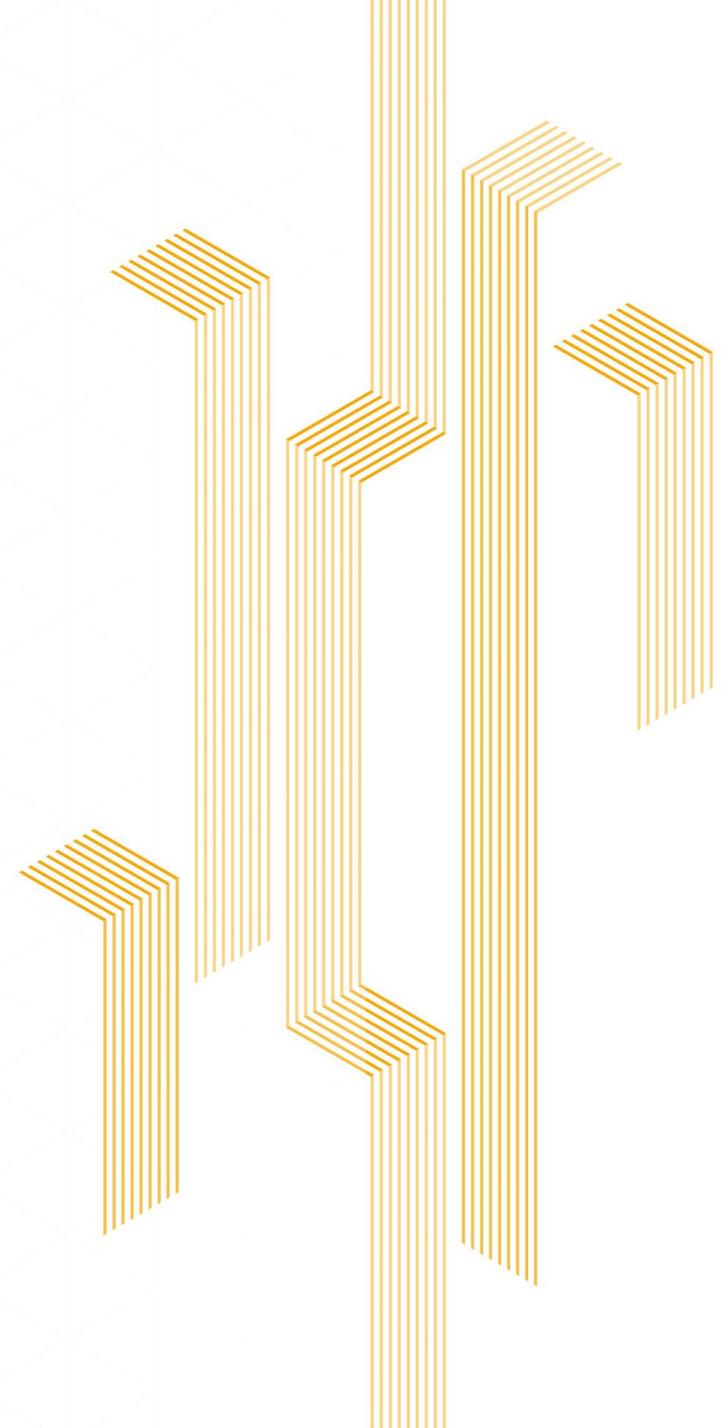
EBITDA target margin of approx. **6.5%**

Revenue

Grow profitably across **all Divisions**

¹ Guidance excludes full year impact of COVID-19 which is not fully predictable as of today (HY1.2020: CHF approx. 37 million; expected FY 2020 impact of approx. CHF 47 to 67 million)

Closing remarks



Highlights



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Dates and Contacts

2020 Annual Results 3 March 2021

2020 Annual General Meeting 30 March 2021

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