PRESS RELEASE

Good results thanks to strong second-half performance – EBITDA at record level | Excellent cash flow underlines good operational performance | Full order books for 2018 | Dividend of CHF 2.00 proposed | Medium-term targets confirmed

Dietlikon, 1 March 2018 – After a demanding first half-year, Implenia performed strongly in the second half and is able to confirm good results for the 2017 financial year as a whole. EBITDA reached a new record high. Business Unit EBIT (excl. PPA) exceeded the mid-year forecast. All segments had a positive impact on earnings, with a particularly strong contribution from the excellent project development business and the very good performance by Business Units Buildings and Infrastructure. The order backlog also reached a new record level. Thanks to good positioning, broad-based technical and organisational expertise, an expanded market position in Germany and robust markets, Implenia is optimistic for the future. The Board of Directors is proposing a dividend of CHF 2.00 per share.

Implenia generated consolidated revenue of CHF 3,859 million in 2017, up from CHF 3,267 million in the previous year. EBITDA rose by 4.6% during the period under review to CHF 173.8 million (2016: CHF 166.2 million). This gives an EBITDA margin of 4.5 percent, compared to 5.1 percent in 2016. If the one-time adjustments made in the first half of 2017 were excluded, Implenia would have achieved EBITDA of CHF 210 million, which would put the margin at 5.4 percent – already within the medium-term target range of 5.25 to 5.75 percent. Business Unit EBIT (excl. PPA), at CHF 103.2 million (2016 restated: CHF 114.1 million), is above the mid-year forecast.

The Group's operating income (excl. PPA) came to CHF 101.3 million, compared to CHF 109.7 million in 2016. Despite the one-time adjustments, consolidated profit (excl. PPA) for the 2017 financial year came to CHF 65.4 million (2016: CHF 72.7 million).

Free cash flow confirms healthy state of operational business

Implenia reported excellent free cash flow. Thanks to the improvement in cash flow from operating activities, a significant decrease in current assets and a more or less unchanged level of investment, free cash flow before acquisitions stood at CHF 148.8 million (2016: CHF 30.1 million). After taking account of the Bilfinger Hochbau acquisition, the figure is CHF 162.5 million, compared to CHF 27.9 million in the previous year. These record figures confirm the healthy state of Implenia's operational business.

Return on invested capital on a reported basis came to 35.4 percent (2016: 33.3%), which is significantly more than the average cost of capital of 9.5 percent.

Strong equity base

At the end of the year, total assets stood at CHF 2,897 million (2016: CHF 2,629 million). Thereof the acquisition of Bilfinger Hochbau accounted for around CHF 250 million. Equity remained more or less the same as in the prior year at CHF 654.9 million (2016: CHF 665.5 million). Owing to the increase in total assets, the equity ratio decreased to 22.6 percent (2016: 25.3%). Implenia thus has solid financial foundations, with an above-average equity ratio compared to its European competitors.

Development posts record results for third consecutive year

The Segment Development, which includes all of the Group's real estate project development activities, posted record results for the third year in a row. Operating income came to CHF 39.2 million, an increase of 6.1 percent on the previous year (2016: CHF 37.0 million). This excellent result reflects the good quality of the project pipeline and the outstanding performance of the team. Demand in the residential construction sector is likely to slow down slightly in future, but thanks to low interest rates, the investment environment remains unchanged. The dynamism of the major regions around Zurich and Lake Geneva, in particular, is likely to continue. Importantly, the full project pipeline also provides a significant volume of work for other Business Units.

Good performance by the Segment Switzerland

The Segment Switzerland, which covers Business Units Buildings, Construction Switzerland and the Modernisation unit, recorded a good performance overall. Operating income came to CHF 43.6 million (2016: CHF 56.3 million). Excluding adjustments to receivables necessitated by the ongoing Letzigrund stadium cases, as well as the first-half optimisation measures in Road Construction and Civil Works in German-speaking Switzerland, totalling approximately CHF 20 million, EBIT would have been almost CHF 65 million.

Buildings continued the positive earnings trend it established in the first half-year. Despite the prevailing price war rigorous discipline was maintained with regards to contract acquisition and processes were improved. Both helped the Business Unit achieve and even exceed its target EBIT margin of 2.5 percent for the first time across the year as a whole. Structural challenges remain in Swiss regional business. Results were within the expected range. The Group initiated measures to improve operational performance in February 2017 by merging its road construction and civil works businesses in German-speaking and French-speaking Switzerland and putting them under joint management. Implenia's efforts to build up its modernisation business in the French-speaking part of Switzerland were rewarded by initial contract wins. The Segment Switzerland saw its order book increase by 12.1 percent year-on-year to CHF 2,956 million (2016: CHF 2,637 million).

Segment Infrastructure exceeds expectations

The Segment Infrastructure includes Implenia's pan-European Tunnelling and Foundation Engineering capabilities. The segment achieved a very good result and exceeded expectations during the year under review. On a like-for-like basis, the operating result (excl. PPA) came to CHF 19.1 million, which is 32.2 percent higher than in the previous year (2016: CHF 14.5 million). Various major international projects gained momentum in the second-half of the year and, following initial delays, are now going into production. The broad-based income trend vindicates the internationalisation strategy adopted for the infrastructure business. At CHF 1,341 million, the order backlog was 12.1 percent down compared to the prior year's CHF 1,524 million.

Segment International – Significantly expanded position in Germany

The first-time consolidation of Bilfinger Hochbau had a major impact on the financial year for the Segment International. This segment brings together Implenia's regional civil works capabilities in Germany, Austria, Romania, Norway and Sweden, as well as its building construction activities in Germany and Austria. The acquisition of Bilfinger Hochbau significantly broadened the Group's base by greatly expanding its position in Europe's largest market for construction services. The segment reported good results overall. After deducting all costs, the newly integrated Hochbau Deutschland unit is already producing a positive contribution to earnings. However, following the adjustments to the project portfolio in Norway in the first half-year, amounting to around CHF 15 million, segment EBIT (excl. PPA) was lower than in the previous year at CHF 1.2 million (2016 restated: CHF 6.3 million). Business in Norway performed according to expectations in the second half of 2017. After the tragic death of Stig Ingar Evje, Tone H. Bachke, previously CFO of Implenia in Norway and Head of Corporate Center Scandinavia, took over permanently as the new CEO of Implenia Norge in the summer. By the end of the year, after it started bidding for contracts again, Implenia had already acquired a new order for a complex infrastructure project in Norway. Implenia also successfully acquired several orders in Sweden. By the end of the year the order book had risen by 72.9 percent to CHF 1,746 million (2016 restated: CHF 1,010 million).

Change on the Board of Directors

There is one change of personnel on Implenia's Board of Directors: Chantal Balet Emery has decided not to stand for re-election at this year's Annual General Meeting of Shareholders. She has been a Member of the Board of Directors since March 2013. The Board would like to thank Chantal Balet Emery for her valuable service and her commitment to Implenia. The Board of Directors proposes that the general meeting elect Martin A. Fischer as a new Board Member. All the other Members of the Board of Directors are standing for re-election for a further term.

Dividend maintained

The Board of Directors is proposing to the Annual General Meeting of Implenia Ltd. on 27 March 2018 that it pay a dividend of CHF 2.00 per share – the same as last year.

Optimistic outlook

Implenia is optimistic. The Group has full and good quality order books, its markets are healthy and its business is in a good position. Foundations have been laid for good growth outside Switzerland. Management believes, therefore, that the company will succeed in cracking the old EBIT target of CHF 140 million in 2018.
Implenia is sticking to the new medium-term targets first communicated in spring 2017: top-line volume of around CHF 5 billion and an EBITDA margin of between 5.25 and 5.75 percent.

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Annual Report 2017

The Annual Report 2017 may be downloaded from the following link:

Annual Report 2017

Media and analysts conference on the 2017 full-year results

Today, Thursday 1 March 2018, Implenia is holding an analysts' conference (9.00 – 10.00 a.m.) and a press conference (10.30 – 11.30 a.m.) on the 2017 annual results at the SIX ConventionPoint. The accompanying presentation is available to download here.

Investors' diary

27 March 2018:	2018 Annual General Meeting of Shareholders
21 August 2018:	Media and analysts' conference on the 2018 first-half results

Appendix

Martin A. Fischer (born 1960, Swiss and American)

Martin A. Fischer has been Professor of Civil and Environmental Engineering at Stanford University since 1991 and has been Head of Stanford's Center for Integrated Facility Engineering (CIFE) since 2001. After graduating in civil engineering from the Ecole Polytechnique Fédérale (EPF) Lausanne in 1984, he earned an M.S. in industrial engineering in 1987 and a doctorate in civil engineering in 1991, both from Stanford University. Martin A. Fischer is currently a Member of the Board of Directors of RIB Software SE and President of the Supervisory Board of sfirion AG. He is known throughout the world for his work and leadership on the development of digital methods to increase the productivity of construction project teams and improve building performance, including BIM (Building Information Modeling), 4D modelling and VDC (Virtual Design and Construction). The results of his award-winning research benefit the construction industry worldwide. Martin A. Fischer has written more than 100 journal articles and book chapters, and delivered more than 100 keynote lectures on his research. He is also co-author of the book "Integrating Project Delivery", published by Wiley in 2017.

Key figures Group

	2017 CHF 1,000	2016 CHF 1,000	Δ	Δ like for like[2]
Consolidated revenue	**3,859,478**	3,266,986	18.1%	17.3%
EBIT Business Units excl. PPA[1]	103,195	114,111	(9.6%)	(9.2%)
in % of revenue	*2.7%*	*3.5%*		
EBIT Business Units[1]	**65,474**	102,282	(36.0%)	(34.9%)
in % of revenue	*1.7%*	*3.1%*		
Miscellaneous/Holding[1]	(1,883)	(4,375)	57.0%	57.7%
Operating income	**63,591**	97,907	(35.0%)	(33.9%)
in % of revenue	*1.6%*	*3.0%*		
Consolidated profit excl. PPA	65,438	72,733	(10.0%)	(9.3%)
in % of revenue	*1.7%*	*2.2%*		
Consolidated profit	**39,033**	64,453	(39.4%)	(37.8%)
in % of revenue	*1.0%*	*2.0%*		
EBITDA	**173,835**	166,184	4.6%	4.6%
in % of revenue	*4.5%*	*5.1%*		
Free cash flow before acquisition of subsidiaries	148,848	30,057	395.2%	396.9%
Free cash flow	**162,535**	27,942	481.7%	483.5%
Cash and cash equivalents (as at 31.12.)	985,443	791,703	24.5%	22.5%
Financial liabilities (as at 31.12.)	496,930	415,406	19.6%	19.5%
Net cash position (as at 31.12.)	**488,513**	376,297	29.8%	25.8%
Invested capital (per 31.12.)	**179,731**	293,993	(38.9%)	(35.5%)
Equity (as at 31.12.)	**654,909**	665,506	(1.6%)	(2.6%)
Equity ratio in %	*22.6%*	*25.3%*		
Order book (as at 31.12.)	6,043,261	5,171,795	16.9%	13.3%
Production output	3,926,727	3,320,418	18.3%	17.3%
Workforce (FTE; as at 31.12.)	9,342	7,976	17.1%	
Earnings per share (in CHF)	**1.95**	3.27	(40.4%)	
Gross dividend (in CHF)	**2.00**	2.00	0.0%	

[1] Prior year restated, see Annual Report 2017, page 232, note 5

[2] Foreign currency adjusted

Key figures segments

Development

	2017 CHF 1,000	2016 CHF 1,000	Δ
EBIT	**39,241**	36,983	6.1%
EBITDA	**39,866**	37,607	6.0%
Workforce (FTE; as at 31.12.)	60	50	20.0%

Switzerland

	2017 CHF 1,000	2016 CHF 1,000	Δ
Revenue	**2,344,381**	2,393,376	(2.0%)
EBIT	**43,626**	56,334	(22.6%)
in % of revenue	*1.9%*	*2.4%*	
EBITDA	**62,768**	76,812	(18.3%)
in % of revenue	*2.7%*	*3.2%*	
Order book (as at 31.12.)	2,956,197	2,637,186	12.1%
Production output	2,356,438	2,412,223	(2.3%)
Workforce (FTE; as at 31.12.)	3,637	3,757	(3.2%)

Infrastructure

	2017 CHF 1,000	2016 CHF 1,000	Δ
Revenue	**572,473**	475,558	20.4%
EBIT excl. PPA	19,133	14,473	32.2%
in % of revenue	*3.3%*	*3.0%*	
EBIT	**14,419**	8,340	72.9%
in % of revenue	*2.5%*	*1.8%*	
EBITDA	**49,241**	28,452	73.1%
in % of revenue	*8.6%*	*6.0%*	
Order book (as at 31.12.)	1,340,700	1,524,423	(12.1%)
Production output	615,444	516,057	19.3%
Workforce (FTE; as at 31.12.)	1,131	1,034	9.4%

International

	2017 CHF 1,000	2016[1] CHF 1,000	Δ
Revenue	**1,310,210**	725,726	80.5%
EBIT excl. PPA	1,195	6,321	(81.1%)
in % of revenue	*0.1%*	*0.9%*	
EBIT	**(31,812)**	625	
in % of revenue	*(2.4%)*	*0.1%*	
EBITDA	**20,050**	24,289	(17.5%)
in % of revenue	*1.5%*	*3.3%*	
Order book (as at 31.12.)	1,746,364	1,010,186	72.9%
Production output	1,308,761	719,812	81.8%
Workforce (FTE; as at 31.12.)	3,229	2,231	44.7%

[1] Restated, see Annual Report 2017, page 232, note 5