



## PRESS RELEASE

### **Implenia posts strong organic growth in the first half of 2018 – New records for revenue, order backlog and EBITDA | Positive growth and earnings momentum expected for the full year | Medium-term targets confirmed**

Dietlikon, 21 August 2018 – **Implenia achieved significant organic growth in the first half-year. Revenue, EBITDA and order backlog attain new record highs. The strong performance in markets outside Switzerland confirms the internationalisation strategy. This growth constitutes a major step towards the Group's medium-term top-line goal of CHF 5 billion. All segments posted a major increase in revenue and order backlogs for the reporting period. EBIT also developed well overall and came close to setting a new record. Results in the Segments Development and Infrastructure were very good. Implenia also performed well in the Segment Switzerland despite ongoing structural challenges in the German-speaking regional business. The Segment International improved its result considerably, although it still failed to meet expectations. Implenia is optimistic about the full year and anticipates that EBIT (excl. PPA) will far outstrip the company's current record. However, the CHF 140 million target will probably not be achieved this year. The medium-term targets are confirmed. Implenia made striking progress on the topic of sustainability.**

In the first half-year 2018, Implenia generated revenue of CHF 2,124 million (previous year: CHF 1,692 million) with purely organic growth of 22% (foreign-currency adjusted: 18%) confirming its internationalisation strategy. About 70% of organic growth (foreign-currency adjusted: 60%) came from activities outside Switzerland. At the EBITDA level, the Group posted a result of CHF 56.0 million, compared with CHF 34.5 million in the previous year. If amortisation costs for the intangible assets (PPA) acquired through the acquisitions in Germany are excluded, EBIT for the Business Units came to CHF 29.5 million (previous year: CHF 0.1 million). Operating income (incl. PPA) rose to CHF 18.1 million from CHF -9.6 million in the previous year. The Group achieved a consolidated profit of CHF 8.9 million (previous year: CHF -11.9 million).

The free cash flow, which is seasonally negative, was down at CHF -138.9 million due to financing required for the strong growth (previous year: CHF -66.5 million). Work in progress and receivables both rose considerably as a result. The Group's operating performance is positive on the whole. The order books are growing extremely well.

At the end of June 2018, the order backlog was CHF 6,234 million and therefore above the previous year's highest level of CHF 6,077 million. The relevant markets offer clear growth prospects and Implenia is in a good position to exploit this potential going forward.

### **Segment Development achieves a new record result**

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

### **Strong revenue growth in Segment Switzerland**

Switzerland includes Implenia's services for Buildings (General and Total Contracting, Modernisation) plus Road Construction and Civil Works (including production plants). Revenue increased by 13% compared to the previous year from CHF 1,062 million to CHF 1,202 million. Growth in the segment's different Business Units was in line with expectations. EBIT improved and came to CHF 1.6 million, compared to CHF -15.6 million in the previous year due to one-time adjustments. Business Unit Buildings continued its excellent progress of the second-half 2017 and the modernisation business grew markedly relative to the prior-year period. The effect of the optimisation measures in Road Construction and Civil Works in German-speaking Switzerland failed to manifest itself to the extent hoped for. The adjustments of the structural challenges in Swiss regional business are not progressing as quickly as expected. The order backlog of CHF 3,278 million at the reporting date was considerably higher than the corresponding prior-year value of CHF 2,941 million.

### **Segment Infrastructure exceeds expectations**

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

### **Segment International on the right path**

The Segment International has yet to meet expectations in spite of a much improved result. The turnaround in Norway is taking considerably longer than originally expected. The hoped for break-even result will therefore not be achieved during the current year. Moreover, the fact that the seasonally weak months of January and February are consolidated for the first time for Hochbau Deutschland weighed on the result. Implenia Hochbau Deutschland nonetheless achieved a good result overall. The other units in the Segment International performed similarly to the previous year. Revenue increased overall by 35% to CHF 732.3 million (previous year: CHF 541.1 million) and EBIT (excl. PPA) improved over the corresponding prior-year period to CHF -5.5 million (previous year: CHF -12.5 million). At the end of June 2018, the order backlog came to CHF 1,769 million, up from the previous year's CHF 1,683 million.

### **Fourth sustainability report**

Implenia presents its [fourth sustainability report](#) in August 2018. It complies with the latest GRI Guidelines and provides a detailed account of Implenia's commitment to sustainability during the 2016/2017 reporting period. During the reporting period, the topic regained momentum through various initiatives. Nonetheless, there is still a lot more potential for development, for example concerning supplier management or the ecological footprint on construction sites. Furthermore, the recent increase to the syndicated loan shows that sustainability efforts also make a noticeable difference in terms of "Financial excellence". Implenia is the first industrial company in Switzerland to partially link the applicable credit spread to its sustainability performance as measured by Sustainalytics.

### **Medium-term targets confirmed**

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

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**Half-Year Report 2018**

The Half-Year Report 2018 is available for download at the following [Link](#).

**Analysts and media conference on the 2018 first-half results**

Presentations for analysts (9.00 to 10.00 a.m.) and media representatives (10.30 to 11.30 a.m.) in the LeutschenTower, Leutschenbachstrasse 50, 8050 Zurich.

**Investors' diary**

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

26 March 2019: 2019 Annual General Meeting

Implenia is Switzerland's leading construction and construction services company. It also has strong positions in the German, French, Austrian, Swedish and Norwegian infrastructure markets, as well as significant building construction and civil engineering operations in Germany and Austria. Established in 2006, Implenia can look back on around 150 years of construction tradition. It brings the expertise of its highly skilled construction units together under the roof of a company active throughout Europe. With its integrated business model and specialists operating in all areas of construction, the Group can manage a building project through its entire lifecycle and deliver work that is economical, integrated and customer-centric. The focus is on striking a sustainable balance between financial success and social and environmental responsibility.

Implenia, with its headquarters in Dietlikon near Zurich, employs around 10,000 people in Europe and posted revenue of around CHF 3.9 billion in 2017. The company is listed on the SIX Swiss Exchange (IMPN, CH0023868554). More information can be found at [www.implenia.com](http://www.implenia.com).

## Key figures Group

	1.1.-30.6.2018 CHF 1,000	1.1.-30.6.2017 CHF 1,000	Δ	Δ like for like <sup>1</sup>
<b>Consolidated revenue</b>	<b>2,123,724</b>	1,692,020	25.5%	21.6%
EBIT Business Units excl. PPA	29,504	121		
<i>in % of revenue</i>	<i>1.4%</i>	<i>0.0%</i>		
<b>EBIT Business Units</b>	<b>20,396</b>	(10,410)		
<i>in % of revenue</i>	<i>1.0%</i>	<i>(0.6%)</i>		
Miscellaneous/Holding	(2,342)	801		
<b>Operating income</b>	<b>18,054</b>	(9,609)		
<i>in % of revenue</i>	<i>0.9%</i>	<i>(0.6%)</i>		
Consolidated profit excl. PPA	15,303	(4,527)		
<i>in % of revenue</i>	<i>0.7%</i>	<i>(0.3%)</i>		
<b>Consolidated profit</b>	<b>8,927</b>	(11,899)		
<i>in % of revenue</i>	<i>0.4%</i>	<i>(0.7%)</i>		
<b>EBITDA</b>	<b>56,035</b>	34,476	62.5%	60.8%
<i>in % of revenue</i>	<i>2.6%</i>	<i>2.0%</i>		
Free cash flow before acquisitions	(138,874)	(66,546)	(108.7%)	(96.9%)
<b>Free cash flow</b>	<b>(138,874)</b>	(52,859)	(162.7%)	(147.9%)
Cash and cash equivalents (as at 30.6.)	821,279	759,655	8.1%	7.3%
Financial liabilities (as at 30.6.)	507,882	483,111	5.1%	4.8%
<b>Net cash position (as at 30.6.)</b>	<b>313,397</b>	276,544	13.3%	11.6%
<b>Invested capital (as at 30.6.)</b>	<b>302,838</b>	344,039	(12.0%)	(12.5%)
<b>Equity (as at 30.6.)</b>	<b>603,161</b>	606,560	(0.6%)	(1.5%)
<i>Equity ratio in %</i>	<i>21.0%</i>	<i>22.2%</i>		
Order book (as at 30.6.)	6,233,980	6,077,418	2.6%	0.8%
Production output	2,146,506	1,756,389	22.2%	18.3%
Workforce (FTE; as at 30.6.)	9,873	9,324	5.9%	

<sup>1</sup> Foreign currency adjusted

## Key figures segments

### Development

	<b>1.1.-30.6.2018</b> CHF 1,000	<b>1.1.-30.6.2017</b> CHF 1,000	<b>Δ</b>
<b>EBIT</b>	<b>22,748</b>	20,367	11.7%
<b>EBITDA</b>	<b>23,058</b>	20,681	11.5%
Workforce (FTE; as at 30.6.)	58	61	(4.9%)

### Switzerland

	<b>1.1.-30.6.2018</b> CHF 1,000	<b>1.1.-30.6.2017</b> CHF 1,000	<b>Δ</b>
<b>Revenue</b>	<b>1,202,081</b>	1,062,322	13.2%
<b>EBIT</b>	<b>1,598</b>	(15,568)	
<i>in % of revenue</i>	<i>0.1%</i>	<i>(1.5%)</i>	
<b>EBITDA</b>	<b>10,206</b>	(5,915)	
<i>in % of revenue</i>	<i>0.8%</i>	<i>(0.6%)</i>	
Order book (as at 30.6.)	3,277,631	2,941,308	11.4%
Production output	1,214,410	1,088,564	11.6%
Workforce (FTE; as at 30.6.)	3,704	3,824	(3.1%)

## Infrastructure

	1.1.-30.6.2018 CHF 1,000	1.1.-30.6.2017 CHF 1,000	Δ
<b>Revenue</b>	<b>361,489</b>	256,965	40.7%
EBIT excl. PPA	10,610	7,785	36.3%
<i>in % of revenue</i>	<i>2.9%</i>	<i>3.0%</i>	
<b>EBIT</b>	<b>9,316</b>	5,502	69.3%
<i>in % of revenue</i>	<i>2.6%</i>	<i>2.1%</i>	
<b>EBITDA</b>	<b>18,338</b>	20,503	(10.6%)
<i>in % of revenue</i>	<i>5.1%</i>	<i>8.0%</i>	
Order book (as at 30.6.)	1,187,128	1,453,549	(18.3%)
Production output	391,157	273,210	43.2%
Workforce (FTE; as at 30.6.)	1,164	1,024	13.7%

## International

	1.1.-30.6.2018 CHF 1,000	1.1.-30.6.2017 CHF 1,000	Δ
<b>Revenue</b>	<b>732,265</b>	541,123	35.3%
EBIT excl. PPA	(5,452)	(12,463)	56.3%
<i>in % of revenue</i>	<i>(0.7%)</i>	<i>(2.3%)</i>	
<b>EBIT</b>	<b>(13,266)</b>	(20,711)	35.9%
<i>in % of revenue</i>	<i>(1.8%)</i>	<i>(3.8%)</i>	
<b>EBITDA</b>	<b>4,975</b>	(3,249)	
<i>in % of revenue</i>	<i>0.7%</i>	<i>(0.6%)</i>	
Order book (as at 30.6.)	1,769,221	1,682,561	5.2%
Production output	734,409	563,005	30.4%
Workforce (FTE; as at 30.6.)	3,319	3,253	2.0%