

P R E S S R E L E A S E

- **Implenia posted strong growth in the 2018 fiscal year, yet profitability suffered due to the issues announced in December**
- **Efforts to resolve these issues are underway, and no further material issues have been identified**
- **Implenia's new strategy will capture the attractive opportunities offered by the markets**
- **To implement the strategy, Implenla is adapting its organization and strengthening its management team**
- **Implenia confirms previous statements regarding medium term profit expectations**
- **The dividend payout to be proposed at the Annual General Meeting is CHF 0.50 per share**

Dietlikon, February 26, 2019

Implenia posted strong growth in the 2018 fiscal year, yet profitability suffered due to the issues announced in December

The Group reported strong growth in revenue and production output during the 2018 financial year. Consolidated revenue reached CHF 4,364 million (compared to CHF 3,859 million in the previous year). This is primarily thanks to the results of the Infrastructure segment, but also due to the International and Switzerland segments. Also, the Development segment achieved again a strong performance.

The profitability has suffered significantly due to the value adjustments announced in December. The EBITDA amounts to CHF 89.7 million (2017: CHF 173.8 million) and the EBIT Business Units excl. PPA to CHF 40.6 million (2017: CHF 103.2 million). Consequently, the results fall within the range communicated in December 2018.

The operational cash flow was positive, despite the Group making faster payments in the low three-digit million range to its creditors as a means of strengthening strategic partnerships. The equity ratio remains at 20.5%, which is solid compared to industry peers.

In the course of developing the new strategy, a review of enterprise and commercial risks uncovered issues in select units and projects – particularly in Norway, South Baden, and at a subsidiary of Implenla Construction Germany in Poland. The root causes include structural deficits, such as insufficiently standardized processes, a fragmented systems landscape, and inadequate cross-departmental collaboration.

Efforts to resolve these issues are underway, and no further material issues have been identified

Already during the development of the new strategy, the company began developing and implementing immediate measures to address the issues identified. These include, for example, higher top management attention on individual key projects, improved project risk and control processes, closer cross-departmental collaboration, and clearly defined responsibilities. The review of commercial and economic risks did not reveal any material issues other than those communicated in early December 2018.

Implenia's new strategy will capture the attractive opportunities offered by the markets

Ongoing urbanization and increasing mobility requirements provide growth perspectives. Implenias home markets benefit from these opportunities with their attractive metropolitan regions and high demand for building and infrastructure renovations.

The construction industry also faces multiple shifts. Implenias expects consolidation and internationalization to continue within this still heavily fragmented industry, although smaller firms are expected to continue successfully occupying niche markets in the future. There is also a strong trend towards stronger industrialization, with more widespread use of modular components manufactured off the construction site. Furthermore, digitalization is changing the way of construction and, ultimately, customers increasingly request sustainable and integrated end-to-end solutions and consulting services. Implenias intends to shape these changes and use them to its advantage. To seize these opportunities, Implenias developed a new strategy. The vision of Implenias is to be a multinational leader in construction services. The mission of Implenias is to sustainably develop properties and construct buildings as well as infrastructure with and for people to fit their modern living, working, and mobility needs.

To implement this vision, Implenias will focus on four strategic priorities. First, the company will run a portfolio of attractive businesses (Development, Buildings, Civil Engineering, and Specialties). A number of initiatives have been defined for each business that will enable it, over time, to offer services that set it apart from competition. Second, Implenias will focus on profitable growth by means of a comprehensive operational excellence program that includes initiatives such as establishing end-to-end value assurance (former "risk management") and procurement. Third, the Group will strengthen its focus on innovation through various measures and organizational changes, such as establishing an Innovation Hub. And fourth, Implenias wants to be an even more attractive employer. To achieve this, it has defined five new Implenias values – Excellence, Collaboration, Agility, Integrity and Sustainability – and will implement targeted initiatives, such as strengthening its talent management system.

To implement the strategy, Implenla is adapting its organization and strengthening its management team

In the future, Implenla will operate with entrepreneurial divisions as well as global functions and a center of competence. The new management team – the Implenla Executive Committee – will be composed as follows. Next to André Wyss (CEO), the Group will build on the experienced internal leaders Adrian Wyss (Head Development and Head Specialties a.i.), Jens Vollmar (Head Buildings), René Kotacka (Head Civil Engineering), German Grüniger (General Counsel) and Matthias Jacob (Head of Country Management), who all have strong track records in their respective areas. Implenla is delighted to welcome Marco Dirren (formerly of SBB) and Christelle Beneteau (formerly of LafargeHolcim) to the roles of CFO and CHRO, both of whom possess long-term experience in areas relevant for Implenla. They will assume their new roles on May 1, 2019.

With the departure of Beat Fellmann, CFO, the Group is losing an Executive Committee colleague who has shaped Implenla significantly over many years. Beat Fellmann informed CEO André Wyss some time ago that, after more than ten years as CFO and Head Corporate Center of Implenla, he was considering pursuing a new career path and focusing on existing and new activities outside the Group. After his departure from the Executive Committee today, he will still be available to ensure an optimal handover.

There are also some other changes to the management team. Christof Gämperle, Head Austria & Romania, will leave the Group but continue his position on an interim basis until then. Thomas Foery, Head Human Resources, and Stefan Roth, Head Construction Germany, are leaving the extended management team. Thomas Foery will remain in his position on an interim basis to ensure a smooth handover. Stefan Roth will leave Implenla. André Métral, Head Construction Switzerland, will leave the Executive Committee. He will remain at Implenla, keeping his current role. Implenla would like to thank all departing colleagues for their dedication and service.

Implenla confirms previous statements regarding medium term profit expectations

In the medium-term, the Group confirms the target EBITDA margin between 5.25% and 5.75%¹. Implenla wants to grow profitably and gain market shares in its markets.

2019 is a transition year with focus on stabilizing the business and creating the conditions for long-term profitable growth. For the current year, Implenla expects EBITDA to be above CHF 150 million before strategy implementation investments. Those investments are expected to be around CHF 20 million.

¹ According to current accounting guidelines

The dividend payout to be proposed at the Annual General Meeting is CHF 0.50 per share

Although the 2018 results did not meet expectations, Implenia is on a solid base for the future. The Board of Directors has thus decided to propose to shareholders, at the Implenia Ltd. Annual General Meeting on March 26, 2019, a reduced dividend of CHF 0.50 per share (2017: CHF 2.00 per share). This allows to make the required investments in order to effectively implement the new strategy.

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Annual Report 2018

The Annual Report 2018 can be downloaded via this [link](#)

Media and analysts' conference

Today, Tuesday, February 26, 2019, Implenia will host an [analyst conference](#) (8.45 a.m. to 9.45 a.m.) and a media conference (10.15 a.m. to 11.15 a.m.) in the ConventionPoint at SIX. The corresponding presentation is available to [download](#)

Pictures can be found under this [link](#).

Investor agenda

March 26, 2019: Annual General Meeting 2018

August 20, 2019: Half-year report 2019

Annex

Christelle Beneteau (1973, French)



From March 2019, Christelle Beneteau will be Chief Human Resources Officer at Implenla. She was employed until recently as Global Head of HR Business Partnering and Corporate HR Head at LafargeHolcim. Christelle Beneteau was responsible for the HR Function for all corporate locations and for all global functions and global businesses worldwide. Before that she had worked as Global Head of HR Services at Clariant and European HR Head of Commercial Operations at eBay. The science graduate has an engineering degree in Organic Chemistry from the ÉCOLE Supérieure de Chimie in Lille and a Master's in Organic Chemistry from Heriott-Watt University in Edinburgh.

Marco Dirren (1973, Swiss)



Marco Dirren will take over the role of Chief Financial Officer (CFO). He is currently CFO with SBB's Infrastructure division. His previous posts have included CFO for the Aviation division at RUAG and Commercial Finance Director at the Compass Group in London. Marco Dirren has a Master of Science in Finance and Financial Law from the University of London, an Executive MBA in International Management (Bern University of Applied Sciences, Peking University and Babson College, Boston) and a Bachelor in Business Studies specialising in Finance (former HWV).

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, Implenla 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 the broad offering of Implenla and the deep experience of its specialists, 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. Implenla, with its headquarters in Dietlikon near Zurich, employs more than 10,000 people in Europe and posted revenue of around CHF 4.4 billion in 2018. The company is listed on the SIX Swiss Exchange (IMPN, CH0023868554). More information can be found at www.implenia.com.

Key figures Group

| | 2018 CHF 1,000 | 2017 CHF 1,000 | Δ | Δ like for like ¹ |
|---|-------------------|-------------------|---------|---------------------------------|
| Consolidated revenue | 4,364,473 | 3,859,478 | 13.1% | 11.6% |
| EBIT Business Units excl. PPA | 40,623 | 103,195 | (60.6%) | (58.9%) |
| <i>in % of revenue</i> | <i>0.9%</i> | <i>2.7%</i> | | |
| EBIT Business Units | 22,558 | 65,474 | (65.5%) | (61.8%) |
| <i>in % of revenue</i> | <i>0.5%</i> | <i>1.7%</i> | | |
| Miscellaneous/Holding | (9,623) | (1,883) | | |
| Operating income | 12,935 | 63,591 | (79.7%) | (75.3%) |
| <i>in % of revenue</i> | <i>0.3%</i> | <i>1.6%</i> | | |
| Consolidated profit excl. PPA | 13,149 | 65,438 | (79.9%) | (76.9%) |
| <i>in % of revenue</i> | <i>0.3%</i> | <i>1.7%</i> | | |
| Consolidated profit | 504 | 39,033 | (98.7%) | (92.4%) |
| <i>in % of revenue</i> | <i>0.0%</i> | <i>1.0%</i> | | |
| EBITDA | 89,726 | 173,835 | (48.4%) | (47.8%) |
| <i>in % of revenue</i> | <i>2.1%</i> | <i>4.5%</i> | | |
| Free cash flow before acquisition of subsidiaries | (52,586) | 148,848 | | |
| Free cash flow | (52,586) | 162,535 | | |
| Cash and cash equivalents (as at 31.12.) | 913,233 | 985,443 | (7.3%) | (6.4%) |
| Financial liabilities (as at 31.12.) | 516,022 | 496,930 | 3.8% | 4.1% |
| Net cash position (as at 31.12.) | 397,211 | 488,513 | (18.7%) | (17.1%) |
| Invested capital (per 31.12.) | 202,935 | 179,731 | 12.9% | 13.0% |
| Equity (as at 31.12.) | 585,175 | 654,909 | (10.6%) | (9.6%) |
| <i>Equity ratio in %</i> | <i>20.5%</i> | <i>22.6%</i> | | |
| Order book (as at 31.12.) | 6,248,291 | 6,043,261 | 3.4% | 5.6% |
| Production output | 4,452,761 | 3,926,727 | 13.4% | 11.8% |
| Workforce (FTE; as at 31.12.) | 9,781 | 9,342 | 4.7% | |
| Earnings per share (in CHF) | (0.28) | 1.95 | | |
| Gross dividend (in CHF) | 0.50 | 2.00 | | |

¹ Foreign currency adjusted

Key figures segments

Development

| | 2018 CHF 1,000 | 2017 CHF 1,000 | Δ |
|-------------------------------|-------------------|-------------------|---------|
| EBIT | 40,257 | 39,241 | 2.6% |
| EBITDA | 40,781 | 39,866 | 2.3% |
| Workforce (FTE; as at 31.12.) | 53 | 60 | (11.7%) |

Switzerland

| | 2018 CHF 1,000 | 2017 CHF 1,000 | Δ |
|-------------------------------|-------------------|-------------------|--------|
| Revenue | 2,496,356 | 2,344,381 | 6.5% |
| EBIT | 53,384 | 43,626 | 22.4% |
| <i>in % of revenue</i> | <i>2.1%</i> | <i>1.9%</i> | |
| EBITDA | 71,089 | 62,768 | 13.3% |
| <i>in % of revenue</i> | <i>2.8%</i> | <i>2.7%</i> | |
| Order book (as at 31.12.) | 3,031,301 | 2,956,197 | 2.5% |
| Production output | 2,522,570 | 2,356,438 | 7.1% |
| Workforce (FTE; as at 31.12.) | 3,556 | 3,637 | (2.2%) |

Infrastructure

| | 2018 CHF 1,000 | 2017 CHF 1,000 | Δ |
|-------------------------------|-------------------|-------------------|---------|
| Revenue | 797,431 | 572,473 | 39.3% |
| EBIT excl. PPA | 24,893 | 19,133 | 30.1% |
| <i>in % of revenue</i> | <i>3.1%</i> | <i>3.3%</i> | |
| EBIT | 22,255 | 14,419 | 54.3% |
| <i>in % of revenue</i> | <i>2.8%</i> | <i>2.5%</i> | |
| EBITDA | 41,336 | 49,241 | (16.1%) |
| <i>in % of revenue</i> | <i>5.2%</i> | <i>8.6%</i> | |
| Order book (as at 31.12.) | 1,527,835 | 1,340,700 | 14.0% |
| Production output | 852,337 | 615,444 | 38.5% |
| Workforce (FTE; as at 31.12.) | 1,239 | 1,131 | 9.5% |

International

| | 2018 CHF 1,000 | 2017 CHF 1,000 | Δ |
|-------------------------------|-------------------|-------------------|--------|
| Revenue | 1,521,910 | 1,310,210 | 16.2% |
| EBIT excl. PPA | (77,911) | 1,195 | |
| <i>in % of revenue</i> | <i>(5.1%)</i> | <i>0.1%</i> | |
| EBIT | (93,338) | (31,812) | |
| <i>in % of revenue</i> | <i>(6.1%)</i> | <i>(2.4%)</i> | |
| EBITDA | (57,018) | 20,050 | |
| <i>in % of revenue</i> | <i>(3.7%)</i> | <i>1.5%</i> | |
| Order book (as at 31.12.) | 1,689,155 | 1,746,364 | (3.3%) |
| Production output | 1,538,559 | 1,308,761 | 17.6% |
| Workforce (FTE; as at 31.12.) | 3,441 | 3,229 | 6.6% |