

Capital Market Day @ Implenia

On Track to a Successful Implementation of the Strategy

Winterthur, 1st October 2019



Implenia[®]

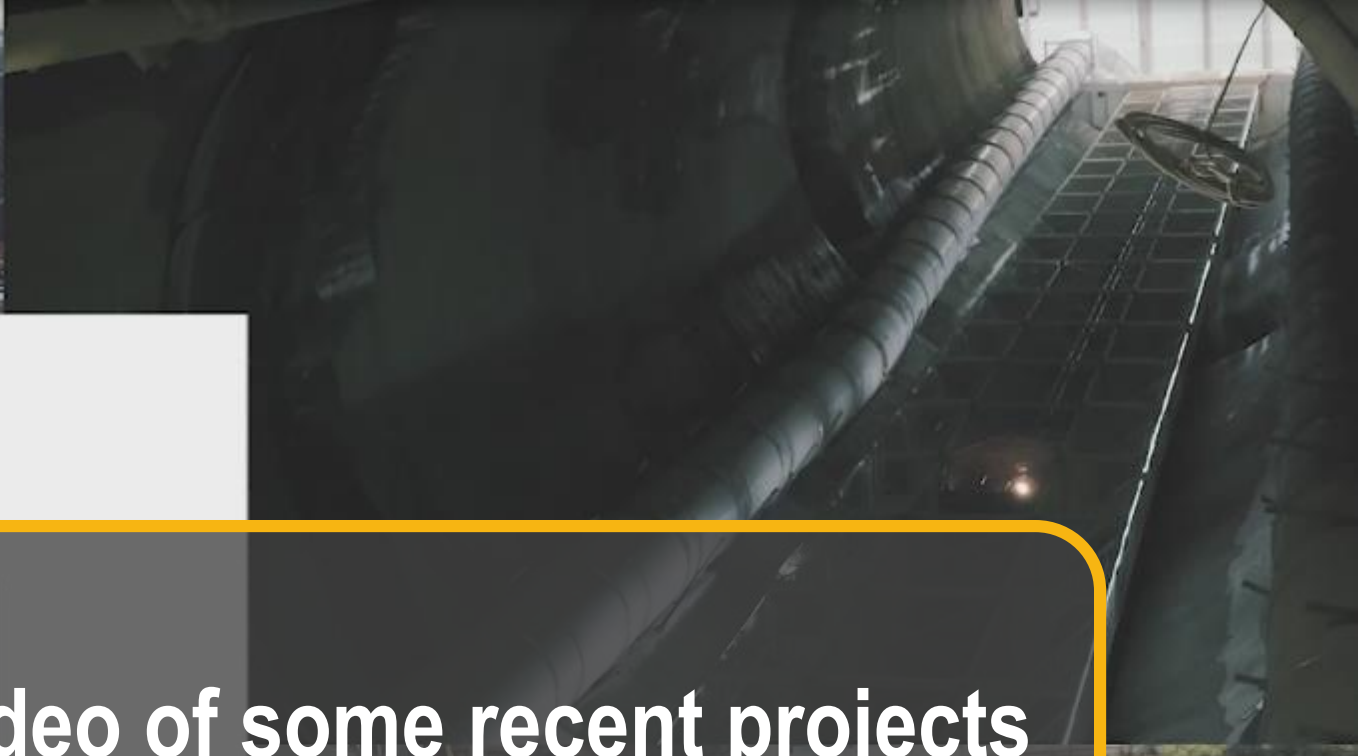
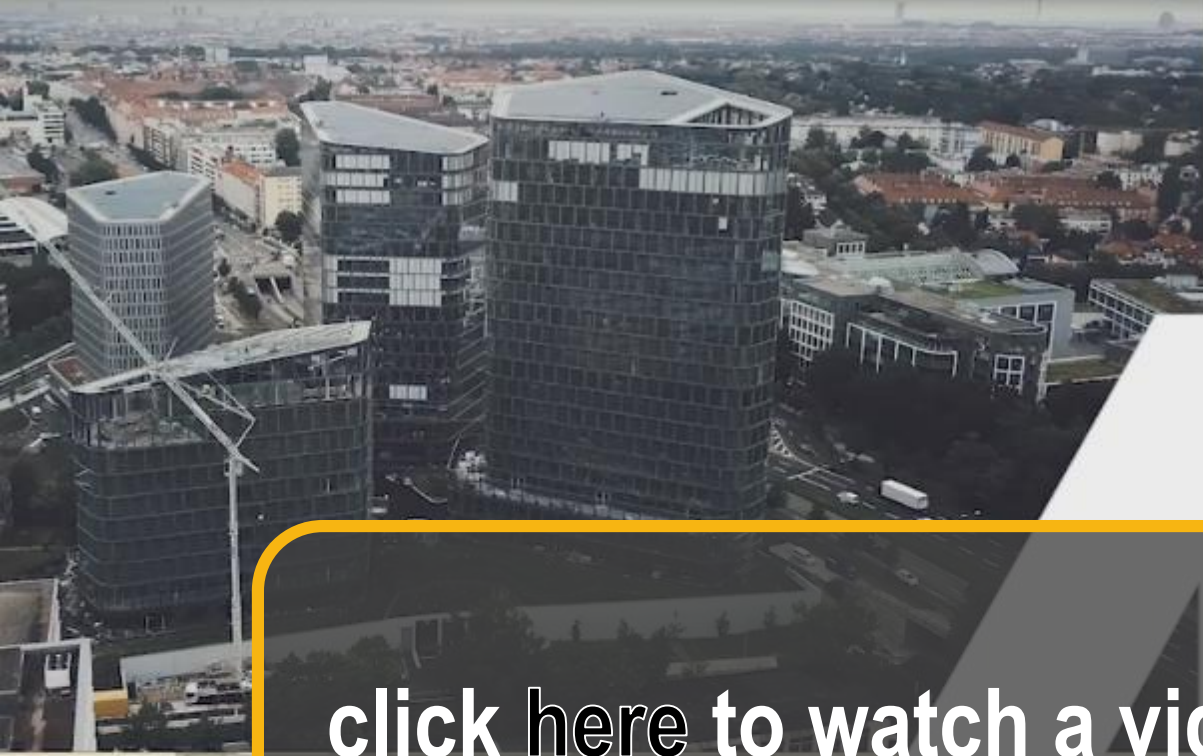
Welcome to our first Capital Market Day

START	END	TOPIC	SPEAKER
10:00	10:10	Welcome	André Wyss, Hans-Ulrich Meister
10:10	10:40	Business & Strategy Update	André Wyss
10:40	10:55	Finance Update	Marco Dirren
10:55	11:25	Development	Adrian Wyss
11:25	11:45	Presentation Project Lokstadt	Ulf Hoppenstedt
11:45	13:00	Site Visit Lokstadt	–
13:00	14:00	Flying Lunch with Q&A Session	–
14:00	14:30	Operational Excellence	Marc Brühlhart
14:30	15:30	Buildings Civil Engineering Specialties	Jens Vollmar René Kotacka Anita Eckardt
15:30		Closing Remarks	André Wyss

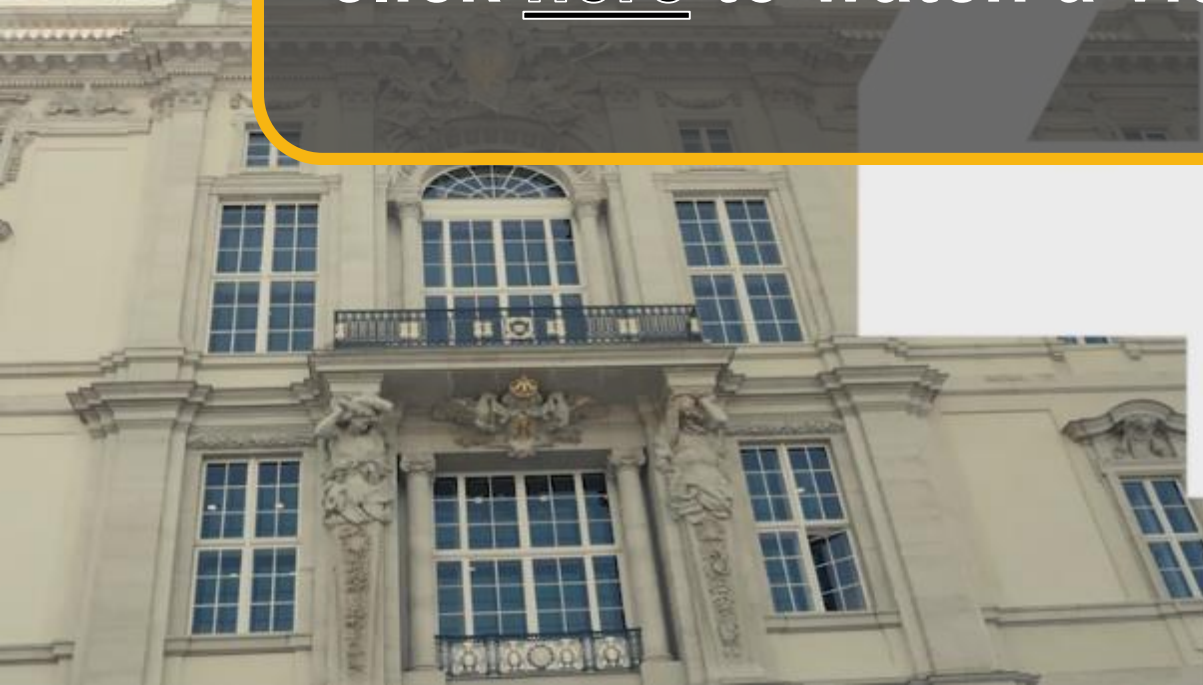
Capital Market Day 2019

Business and Strategy Update





click [here](#) to watch a video of some recent projects



Highlights and key developments during the first half year 2019



Implenia achieved **EBITDA of CHF 72.9 million** in the first half of 2019



Implenia **confirms earnings expectations** for transitional year 2019, as well as medium-term target margin for EBITDA



All divisions contributed to positive result;
Development and Buildings in particular achieved very good results



Corrective measures are working; despite **good underlying performance**, **Civil Engineering and Specialties** are, as expected, still subject to continued negative influences



New organizational structure is proving effective and, thanks to clear roles and responsibilities, is enabling **rapid implementation of our strategic initiatives**

Implenia Group – result confirms our expectations

6,369 (+2.2%)

Order Book

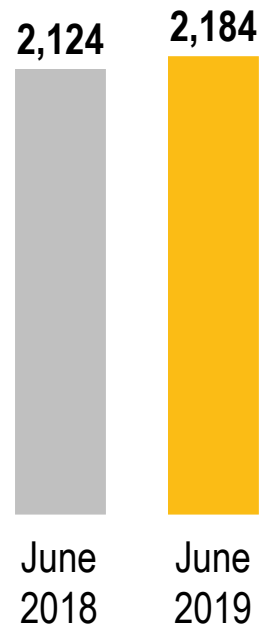
CHF million



2,184 (+2.8%)

Revenue

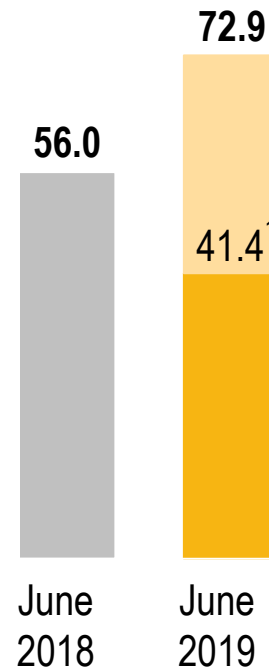
CHF million



72.9 (n.a.)

EBITDA

CHF million



- **Better quality in Order Book** thanks to more selective order acquisition
- **Revenue growth** attributable to **internationalisation strategy** in Civil Engineering (incl. FX +4.8%)
- **Good underlying performance** overall by the divisions
- **As expected, EBITDA** brought down by lack of contribution margin from projects corrected at the end of 2018, and by costs of strategy implementation
- **No further unexpected corrections identified**

¹ Excl. IFRS 16

We strive to be a multinational leader in construction services

Vision



**Be a multinational leader
in construction services**

Mission



**Sustainably develop properties and construct buildings
as well as infrastructure with and for people to fit their modern living,
working and mobility needs**



Strategy Update

We defined four strategic priorities to guide us in achieving this vision and made significant achievements across all of them

Portfolio



Strong differentiated businesses

Four critical-sized, differentiated and entrepreneurial **Divisions in attractive markets** defined and implemented

Organic and inorganic **portfolio optimization** options across **geographies** and the **value chain** further detailed

Profitable growth



Increased market share and margins

Operational Excellence Program for future growth well advanced

- Value Assurance
- Digitalization (BIM, ERP transformation)
- Procurement Excellence
- Lean Construction Toolbox roll-out

Innovation



Fast scaling of proven innovations

Innovation Hub launched

- Five innovation fields derived from latest mega trends
- 3-gate process (ideate, validate, pilot) defined
- Supporting digital platform and coaching established

Talent and organization



Right people and skills in right roles



New operating model quickly implemented with tangible benefits

- Entrepreneurship, functional excellence and local relationships
- Simplicity, consistency and clear roles & responsibilities enable strategy implementation



Strategy Update

In Q1 we created four Divisions with full P&L responsibility to maximize value creation and drive implementation of the strategy

 <p>Development</p>	 <p>Buildings</p>	 <p>Civil Engineering</p>	 <p>Specialties</p>
<p>Integrated project developer with innovative business models</p>	<p>End-to-end construction services provider for all types of new builds and refurbishments</p>	<p>Specialised civil engineering business with strong engineering capabilities</p>	<p>Differentiated provider in attractive niches and with a focus on innovation</p>
<p>Site and property development</p>	<p>General and total contractor</p>	<p>Tunnel construction, special foundations and regional business (e.g. road and railway construction)</p>	<p>Wooden construction, formwork, facade technology, pretensioning technology, construction site logistics, gravel plants</p>



All Divisions contribute to and profit from our integrated business model

Synergies and benefits	Development	Buildings	Civil Engineering	Specialties	Explanation/Remarks	
Operational	Incremental volume	◆	→	→	→	Development projects as additional acquisition channel for other units
	Opportunity identification	←	◆	◆	→	Local units discover new opportunities for Development
	Spearhead to expand / to grow into new markets	←	←	◆	→	International tunneling expertise facilitates market entries for other units
	Create benefits for clients through innovation	◆	→	→	→	Development projects as opportunity to apply innovative construction methods / products
	End-to-end data & process coverage / excellence	◆	◆	◆	◆	Integrated processes enable holistic data analytics / process improvements
Structural	Resource sharing (functions, systems)	◆	◆	◆	◆	Economies of scale to reduce costs for shared services, systems and tools
Financial	Reduction of capital costs and capital needs	←	◆	→	→	Negative invested capital in Buildings reduces overall debt-financing needs
	Debt capacity	◆	◆	→	→	Pre-financing and Real Estate portfolio increase overall dept capacity





Strategy Update

We have further detailed our organic and inorganic portfolio optimization options across geographies and the value chain

	Key initiatives (non exhaustive)	Progress
 Development	<ul style="list-style-type: none"> ▪ Novel real estate products and investment vehicles ▪ Selective expansion abroad 	<ul style="list-style-type: none"> ▪ Investment vehicle will be launched shortly (<i>first details today</i>) ▪ Plans for development of new real estate products being detailed ▪ Integration of existing German Development team into Division done, various scale up options being currently evaluated
 Buildings	<ul style="list-style-type: none"> ▪ New planning and consulting capabilities ▪ Targeted consolidation in home markets 	<ul style="list-style-type: none"> ▪ Various organic and inorganic expansion options across the value chain (e.g., Planning, Consulting) being currently evaluated ▪ Growth acceleration plans for selected existing markets (e.g., Germany) being detailed
 Civil Engineering	<ul style="list-style-type: none"> ▪ Expansion of design and engineering capabilities ▪ Strength-based international expansion 	<ul style="list-style-type: none"> ▪ Various organic and inorganic expansion options across geographies and the value chain (e.g., Engineering) being currently evaluated ▪ Growth acceleration plans for selected existing markets (e.g., Germany) being detailed while evaluating re-focusing in selected regions
 Specialties	<ul style="list-style-type: none"> ▪ Consolidated niche offers to selectively scale / exit 	<ul style="list-style-type: none"> ▪ Strategic reviews conducted to scale up most attractive offerings where Implenia seen as best owner – process to be completed by end 2019



Strategy Update

Division Development aims to become a Real Estate leader

Additional details in Finance and Division Development update

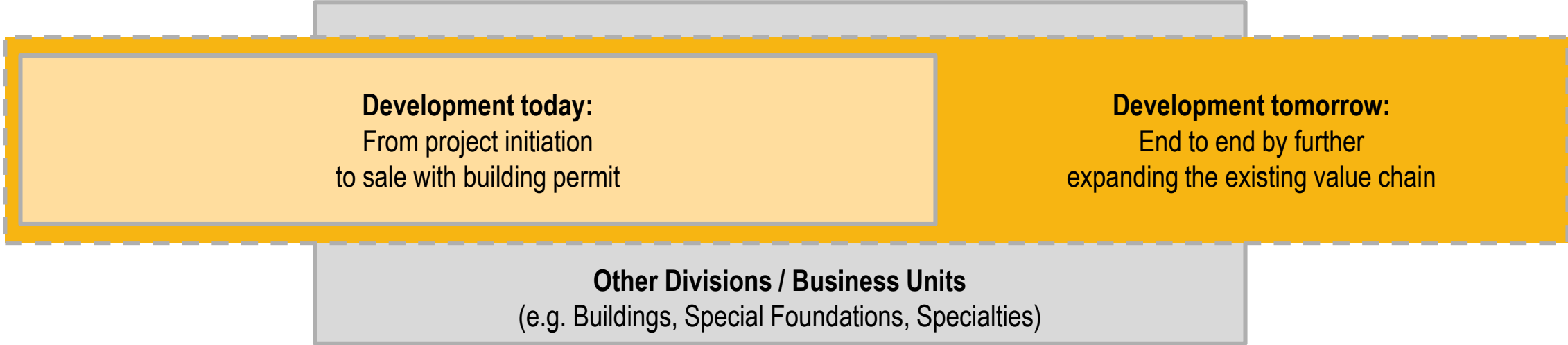
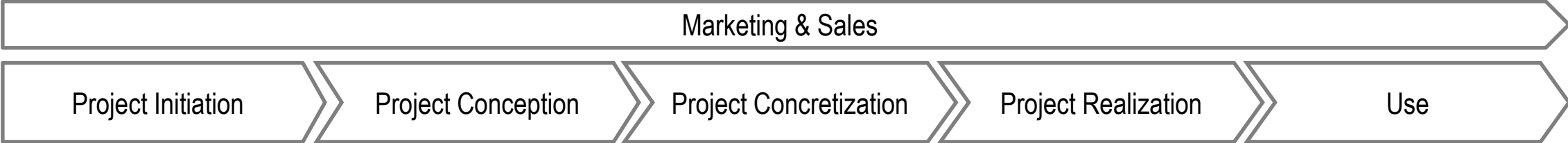
Since 2018, we developed a **model to sustainably grow the value from our real estate activities**

- We aim to transform our Development Division into a **Real Estate leader** in selected markets by further **expanding the existing value chain**
- Our **integrated Operating Model** is a key enabler for **long term success**
- The implementation will be executed in a **step-wise approach** using an innovative and **light balance-sheet concept**
- Initially, we will **transfer ~25% of our real estate portfolio** with an estimated current **market value of substantially over CHF 100 million** into a **new investment vehicle**



Strategy Update

We aim to transform our Development Division into a Real Estate leader in selected markets by further expanding the existing value chain





Strategy Update

Operational Excellence Program for future growth well advanced

Details to be provided in Operational Excellence deep-dive and at market booths

Value Assurance

New holistic framework (governance, standards, organization) to improve project performance defined and now being implemented

Procurement Excellence

Transformative program to foster deeper partnerships and generate short- and long-term savings ongoing

Lean Construction

Roll-out of newly defined toolbox to standardize the use of Lean methods & tools with impact on costs, construction time and quality initiated

Digitalization

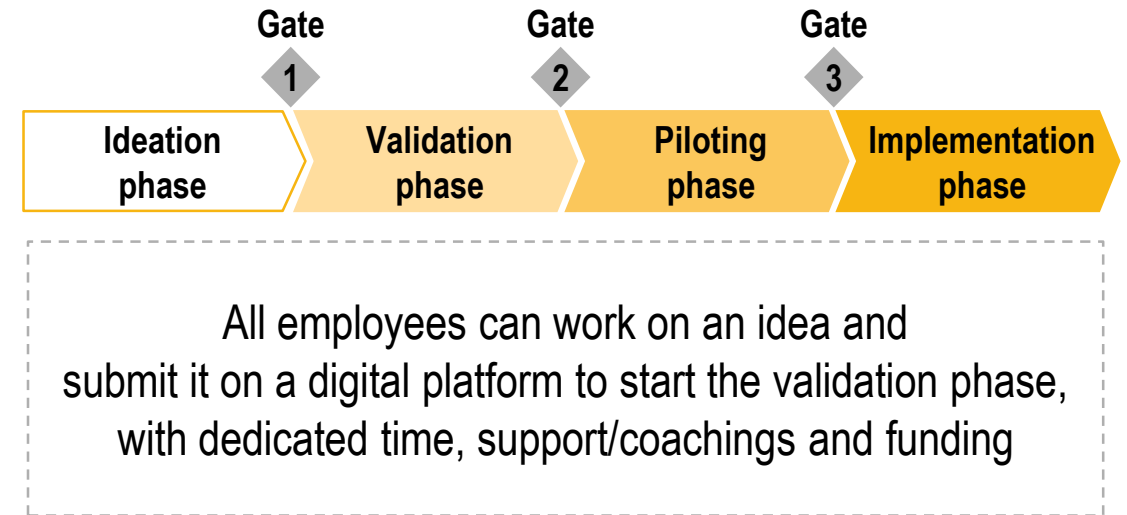
ERP transformation to harmonize and digitalize core and support processes is on track and fully aligned with further deployment of BIM

Innovation Hub launched to drive bottom-up innovation across Implenia

Focus on **five Innovation Fields** based on latest trends



Operating model defined and supported by **digital platform**





Strategy Update

Our operating model yields tangible benefits for the Group...

Consistency and transparency

- **Clear roles & responsibilities enable strategy implementation** and reduce unclarities & duplications
- **Divisional structure ensures multi-eye principle** and best practice sharing for selection & monitoring of projects

Entrepreneurship

- **Full P&L responsibility within Divisions drives empowerment** and entrepreneurial behavior
- **Flat structures enable fast decision-making** and better talent development and management

Global Excellence

- **Global Functions ensure scalable and effective business partnering** within and across Divisions
- **Project Excellence & Services CoE drives excellence** and efficiency in project acquisition & delivery

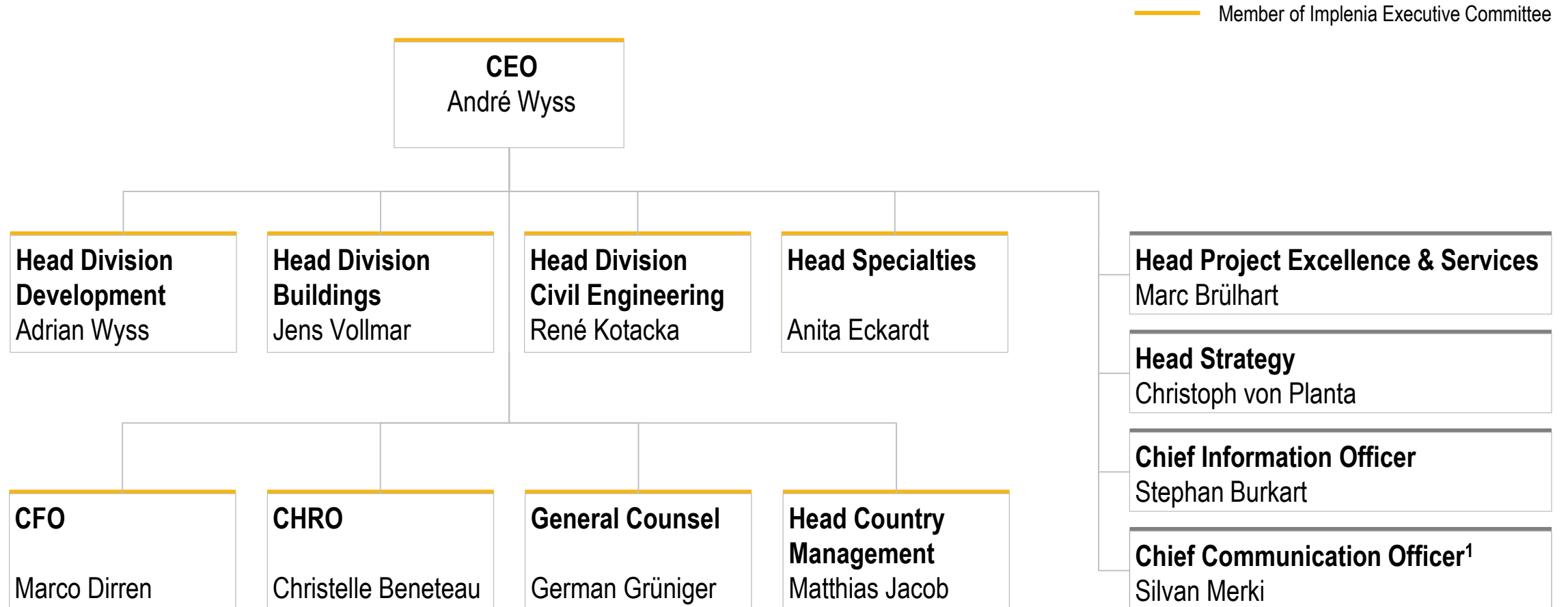
Local relationships

- **Country President network establishes proximity** to key external stakeholders
- **Country Executive Committees foster collaboration** and knowledge sharing across the organization



Strategy Update

... and is anchored in our organizational structure



¹ Incl. Marketing

Capital Market Day 2019



Finance Update



Overview of new IFRS 16 standard

IFRS 16




Balance sheet

- Total assets 
- Equity ratio 
- Net-cash-position 

Income statement

- EBITDA 
- EBIT 
- EBT 

Cash flow statement¹

- Cash flow from operating activities 
- Free cash flow 
- Cash flow from financing activities 

Impact on Implenia as at 30.06.2019

- Total assets + CHF 131.0 million
- Equity ratio -0.9%

- EBITDA + CHF 31.5 million






- Free cash flow + CHF 29.4 million

¹ IFRS 16 has no influence on reported total cash flow

Finance Update

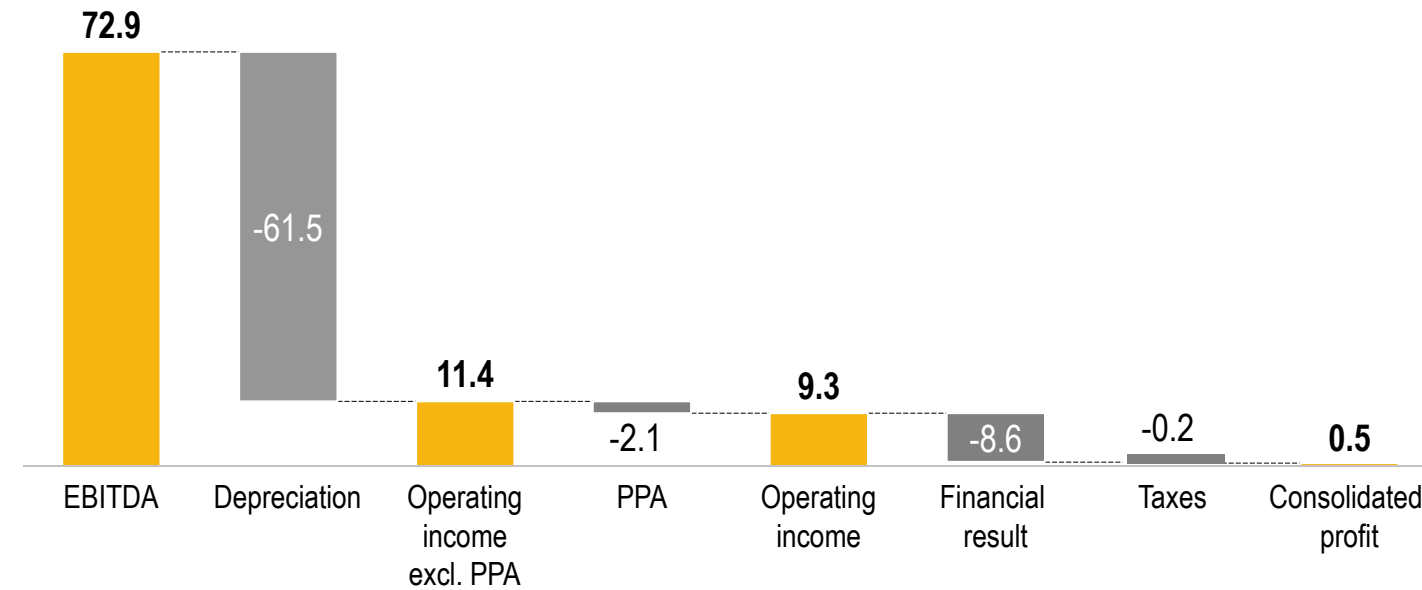
Segment reporting increases transparency and enforces divisional performance management

Operating income (excl. PPA) to EBITDA, CHF million

	2019 HY	Op. inc. (excl. PPA)	Deprec.	EBITDA (excl. IFRS 16)	Deprec. IFRS 16	EBITDA (reported)
Development 		27.0	0.1	27.1	0.3	27.4
Buildings 		15.9	0.7	16.6	4.7	21.3
Civil Engineering 		-26.6	22.1	-4.5	23.0	18.5
Specialties 		0.5	5.8	6.3	0.2	6.5
Total divisions		16.7	28.8	45.5	28.2	73.7
Global functions 		-5.4	1.3	-4.1	3.3	-0.8
Group total		11.4	30.0	41.4	31.5	72.9

Result in line with our expectations

Income statement (shortened), CHF million



2019¹

41.4	-31.5	9.9	-2.1	7.8	-6.4	-0.4	1.1
2018	-14.6						
56.0	-28.8	27.2	-9.1	18.1	-6.2	-3.0	8.9

¹ Excl. IFRS 16

- EBITDA¹ deviation of CHF 14.6 million:**
 - Two-thirds due to lack of contribution margin in Norway and Poland as communicated at end-2018
 - One-third due to costs of strategy implementation
- Compared to previous year, **depreciation (excl. IFRS 16) on a comparable level**
- Operating income excl. PPA** lower as a consequence (predicted in Outlook)
- Remainder of **PPA amortisation for 2nd half 2019:** CHF 2.1 million
- Financial result and taxes** as expected

Implenia's balance sheet is solid

Assets (shortened), CHF million

	30.06.2019	30.06.2018
Cash & cash equivalents, derivatives	706.0	823.3
Real estate transactions	198.8	158.7
Other current assets	1,204.7	1,199.8
Total current assets	2,109.5	2,181.8
Goodwill	300.5	310.5
Rights of use from leases	139.7	-
Other non-current assets	403.6	385.4
Total non-current assets	843.8	695.9
Total assets	2,953.2	2,877.7

- Continuing high level of **cash and cash equivalents**
- **Real estate portfolio** valued at acquisition cost; market value much higher
- **Other current assets** almost unchanged, despite late payments by a few customers
- **Rights of use from leasing** (IFRS 16) lower than expected as of balance sheet date
- Increase in **other fixed assets** driven mainly by CAPEX needed to handle Order Book

Implenia is determined to maintain its investment grade rating

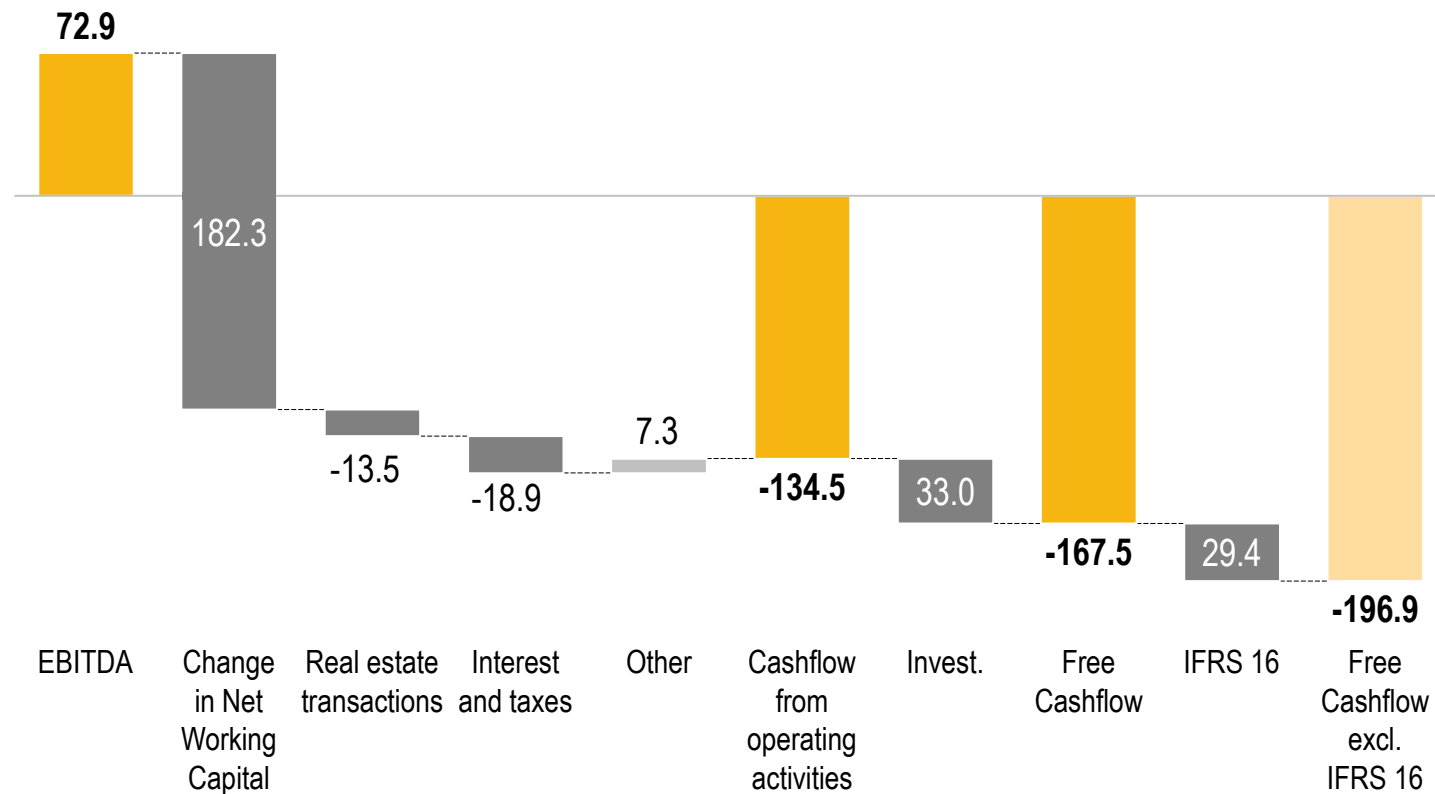
Equity and Liabilities (shortened), CHF million

	30.06.2019	30.06.2018
Accounts payable	411.0	475.1
Other current liabilities	1,254.5	1,170.9
Total current liabilities	1,665.5	1,646.0
Long-term financial liabilities	606.9	499.5
Other non-current liabilities	110.1	129.1
Total non-current liabilities	717.0	628.6
Total equity	570.8	603.2
Total equity and liabilities	2,953.2	2,877.7
Equity ratio	19.3%	-
Equity ratio excl. IFRS 16	20.2%	21.0%

- Lower **accounts payable** because of prompter payments to creditors
- Increase in **financial liabilities** due to IFRS 16; no other significant changes
- Robust **net cash position** (excluding liabilities from leasing) of around CHF 200 million
- **Equity ratio** remains solid by industry standards (including subordinated convertible bonds: 26.2%)

Free cash flow influenced by various reporting date effects

Free cash flow, CHF million



- Reporting date-related change in net current assets
- Generally successful incoming payments – delays caused by late payments by a few customers
- More timely payments to creditors
- Continuous Investments in Division Development's portfolio
- Higher investment in machinery fleet

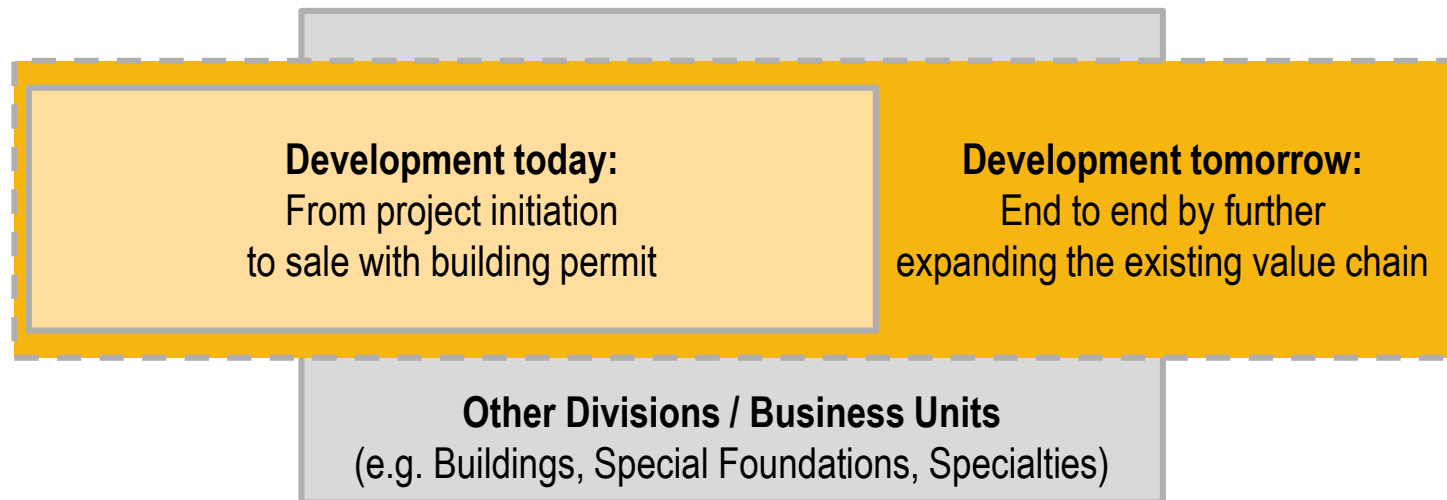
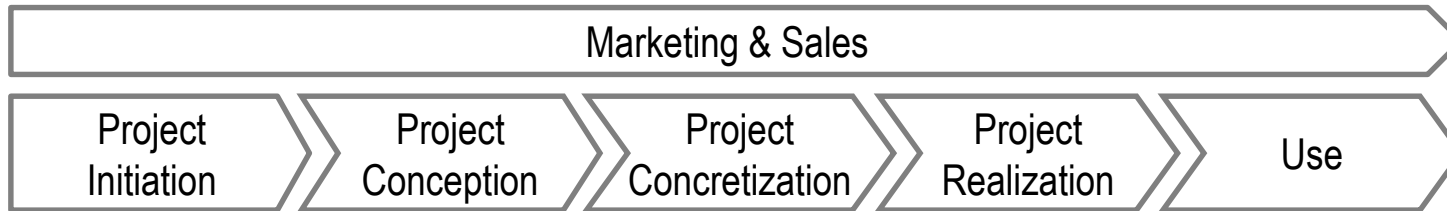
We are fully committed to delivering against our ambitious goals

	2019	Medium-term
EBITDA ¹	<p>Over CHF 150 million <u>before</u> cost of strategy implementation</p> <p>Expected strategy implementation costs of around CHF 20 million</p>	<p>Confirmation of target margin from 5.25% to 5.75%</p>
Revenue		<p>Grow profitably and in all our markets to gain market share</p>

¹ excl. IFRS 16

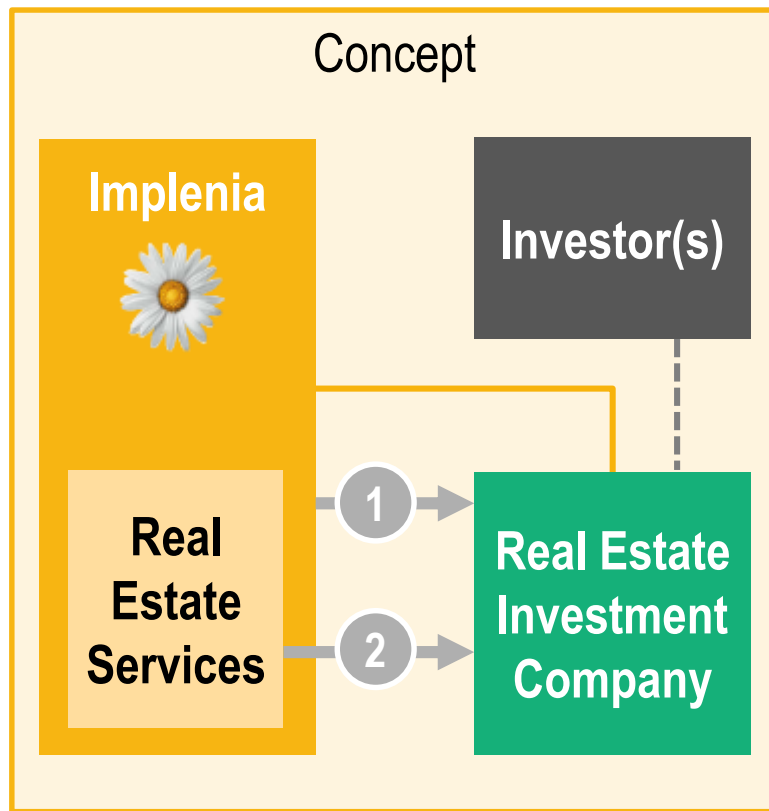
Finance Update

Expanding our value chain enables us to transform our Development Division into a Real Estate leader and accelerate the development of the real estate portfolio



- **Accelerate** the development of the real estate portfolio
- **Risk diversification** for all stakeholders
- Expansion into **new markets** and into **new clients**
- **Recurring** cash/profit as a source to **reinvest** into new real estate opportunities

Step-wise approach using an innovative and light balance-sheet concept to sustainably grow company value



Implenia's integrated end-to-end service offering continues to be a key enabler for long-term success

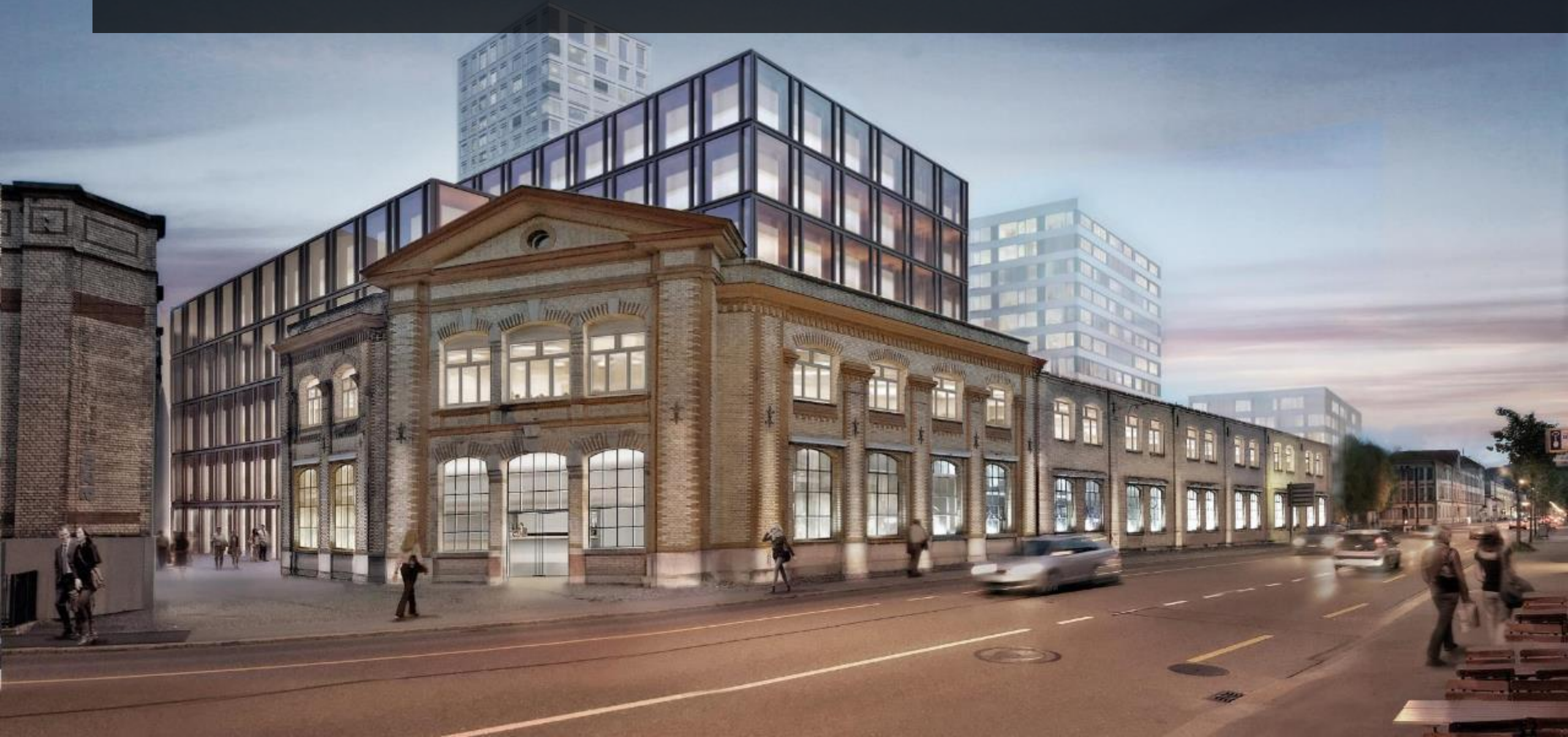
1 Implenia continues to identify opportunities and provide development & realization capabilities

2 Implenia Real Estate Services to provide project, portfolio and real estate asset management

- Increase of **capital turnover**
- Implenia minority stake enables a **light balance sheet**
- **Leverage** equity/debt-financing
- Increased **re-investment capacity**

Capital Market Day 2019

Division Development



Division Development

Integrated project development and innovative business models

- Top Real Estate Division with **strong track record**
- Attractive Real Estate **Portfolio**
- Integrated **business model** as an optimal platform for sustainable and profitable growth
- **Internationalization** in Germany based on the local expertise
- **Step-by-step** implementation of an innovative investment vehicle
- **...to become a Real Estate Leader**



Division Development

Strong track rack record in innovative, integrated Real Estate Development



Sue&Til
Winterthur



ZHAW Library
Winterthur



Metropolitans
Zurich



Ensemble Quadro
Zurich



Schorenstadt
Basel



Global Fund
Geneva

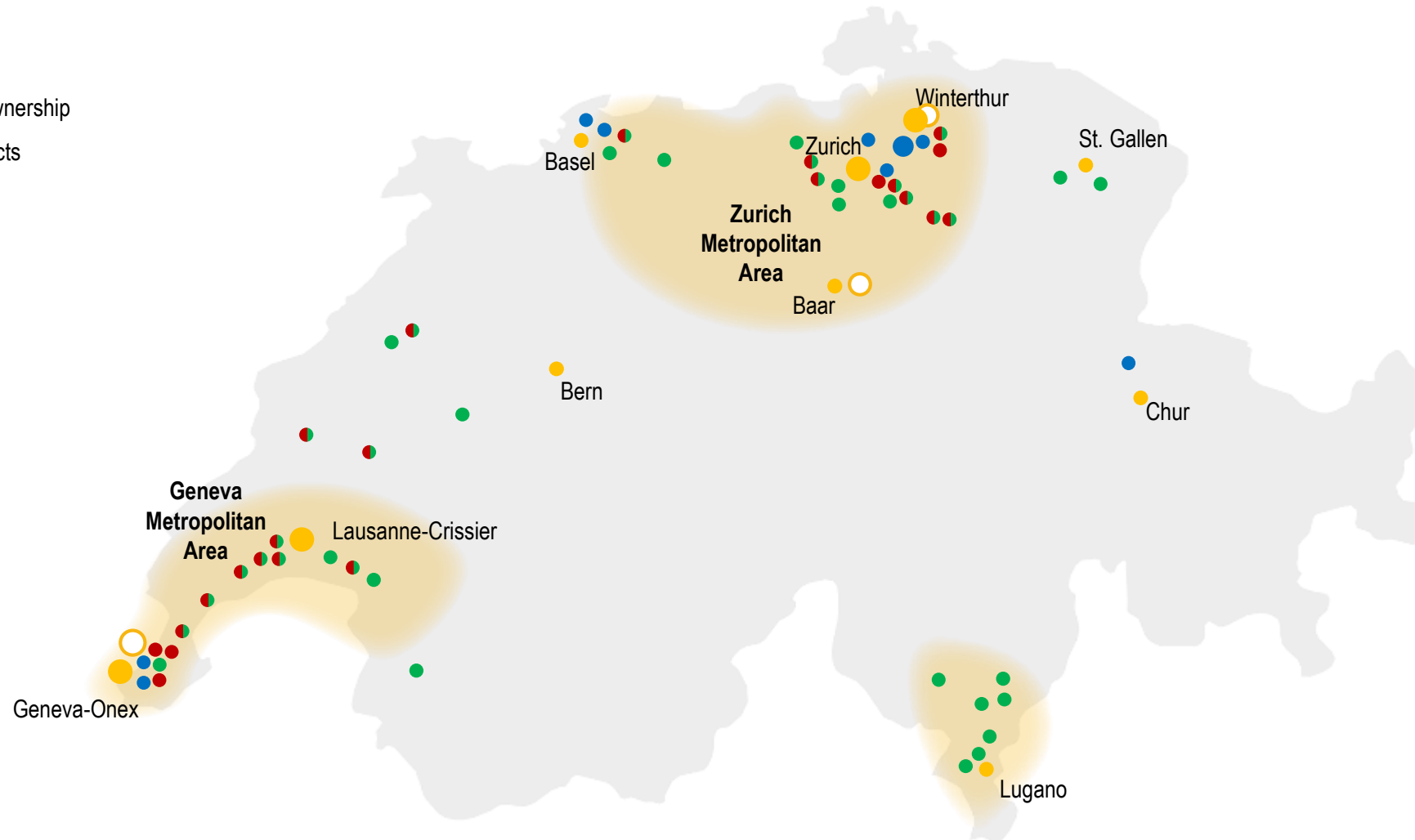
	Sue&Til Winterthur	ZHAW Library Winterthur	Metropolitans Zurich	Ensemble Quadro Zurich	Schorenstadt Basel	Global Fund Geneva
Project	310 apartments	Reconstruction in heritage protected substance	212 apartments in 2 residential skyscrapers	75.000 m ² of urban office space	65 apartments and houses	20.000 m ² of office space for international organization
Divisions involved	Development Buildings Civil Engineering Specialties	Development Buildings Civil Engineering Specialties	Development Buildings Civil Engineering	Development Buildings Civil Engineering Specialties	Development Buildings Civil Engineering Specialties	Development Buildings Civil Engineering

Building on our strong track record we will extend our value chain

Division Development

Project portfolio, mainly in the Metropolitan Areas of Zurich and Geneva

- Branch office
- Living – Condominium ownership
- Living – Investment objects
- Services/Commercial
- Area



Division Development

Project portfolio – Selected projects in development



**Lokstadt (area),
Winterthur**

**Unterfeld,
Baar**

KIM, Winterthur

**BaseLink,
Allschwil**

**World Council of
Churches, Geneva**

**Tivoli,
Neuchatel**

Development



Construction



Commercialisation

30% sold

not yet started

50% sold, leasing
process started

two operators
fixed

Sales
process started

not yet started



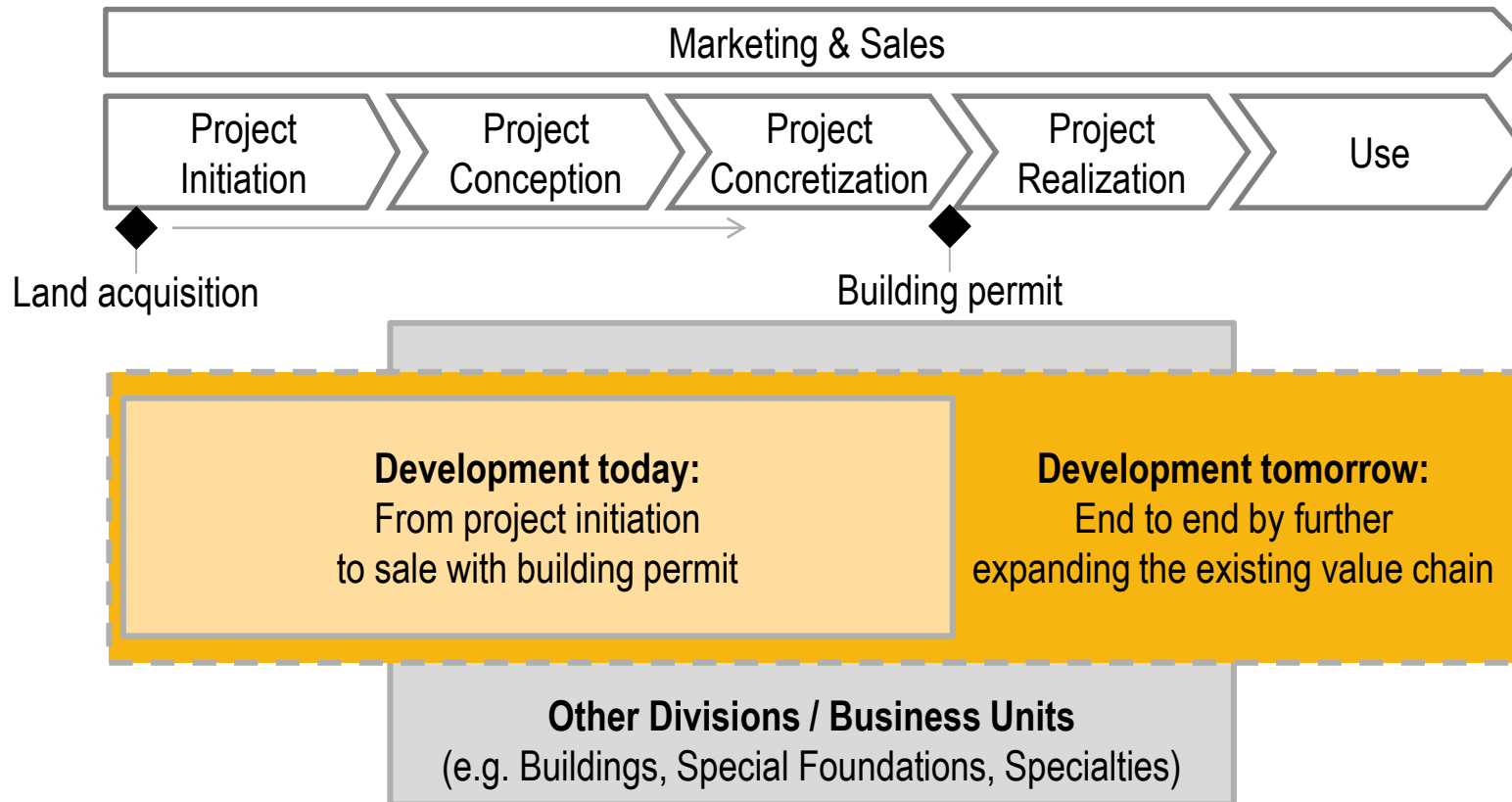
Milestone completed



Milestone not yet completed

Division Development

Integrated business model as an optimal platform for sustainable & profitable growth



- Integrated model allows us to seize new market opportunities by using group-wide market presence
- Delivering optimal solutions for our clients by using our cross divisional capabilities along the process
- Expanding our value chain enables us to transform into a Real Estate leader and accelerate the development of the real estate portfolio

Development team in Germany has started – first success to be celebrated

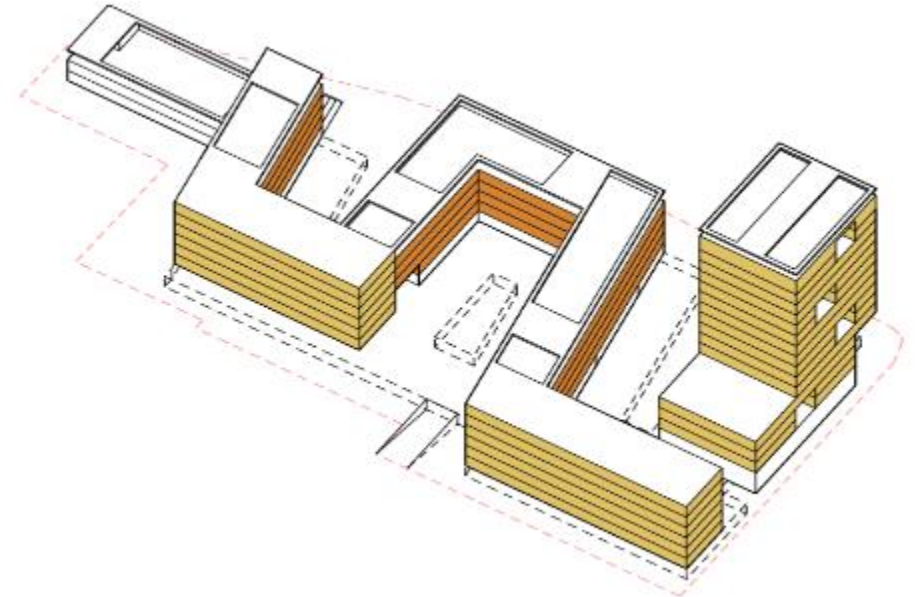
Established development team in Frankfurt

- on profound knowledge in real estate development
- with intensive, cross-divisional cooperation, e.g. Buildings
- with a local network in the market

We aim to be a leading provider

- in specific segments like affordable housing, micro-living, etc.
- with a high standardization potential, including prefabrication
- with specific real estate products

Our next step is the expansion into other top-regions such as Berlin, Hamburg, Munich, etc.



1st place in Darmstadt: meander and skyscraper

- town planning and public investor competition
- >30.000 m² gross floor area above ground
- attractive housing with a balanced mix of uses

Division Development

Creation of a new real estate investment vehicle



Investment vehicle

- Creation of **separate legal entity** (initially 100% subsidiary of Implenia)
- Initial transfer of **~6 development projects** (~25% of Implenia's current real estate portfolio with an estimated market value of substantially over CHF 100 million as of today)



Investor(s)

- Open up vehicle to **investor(s)**
- Investors to provide **capital via share acquisition** from Implenia and **capital increases** to gain majority stake



Real Estate Services

- Creation of a Real Estate Services Company as 100% subsidiary of Implenia to **manage the vehicle**

- ✓ **Sustainable** business model with **accelerated value creation** through high quality developments
- ✓ **Innovative solution** allowing continuation of Implenia's **light balance sheet** concept and **acceleration of future growth**

Win-win opportunity for Implenla and new investor(s)



Investment vehicle will create **unique opportunity for investor(s)** to participate in a **successful real estate platform...**

... and will generate key benefits for Implenla and its stakeholders

- 1 Value creation for shareholders by “crystallizing” the real estate portfolio’s value
- 2 Leverage integrated operating model as a key enabler for long term success
- 3 Increased **recurring earnings** via fee structure & profit participation
- 4 Creation of **platform to accelerate growth** in real estate development
- 5 **Strengthening** of Implenla’s equity ratio
- 6 **Risk diversification**

Lokstadt

An Implenia signature project...

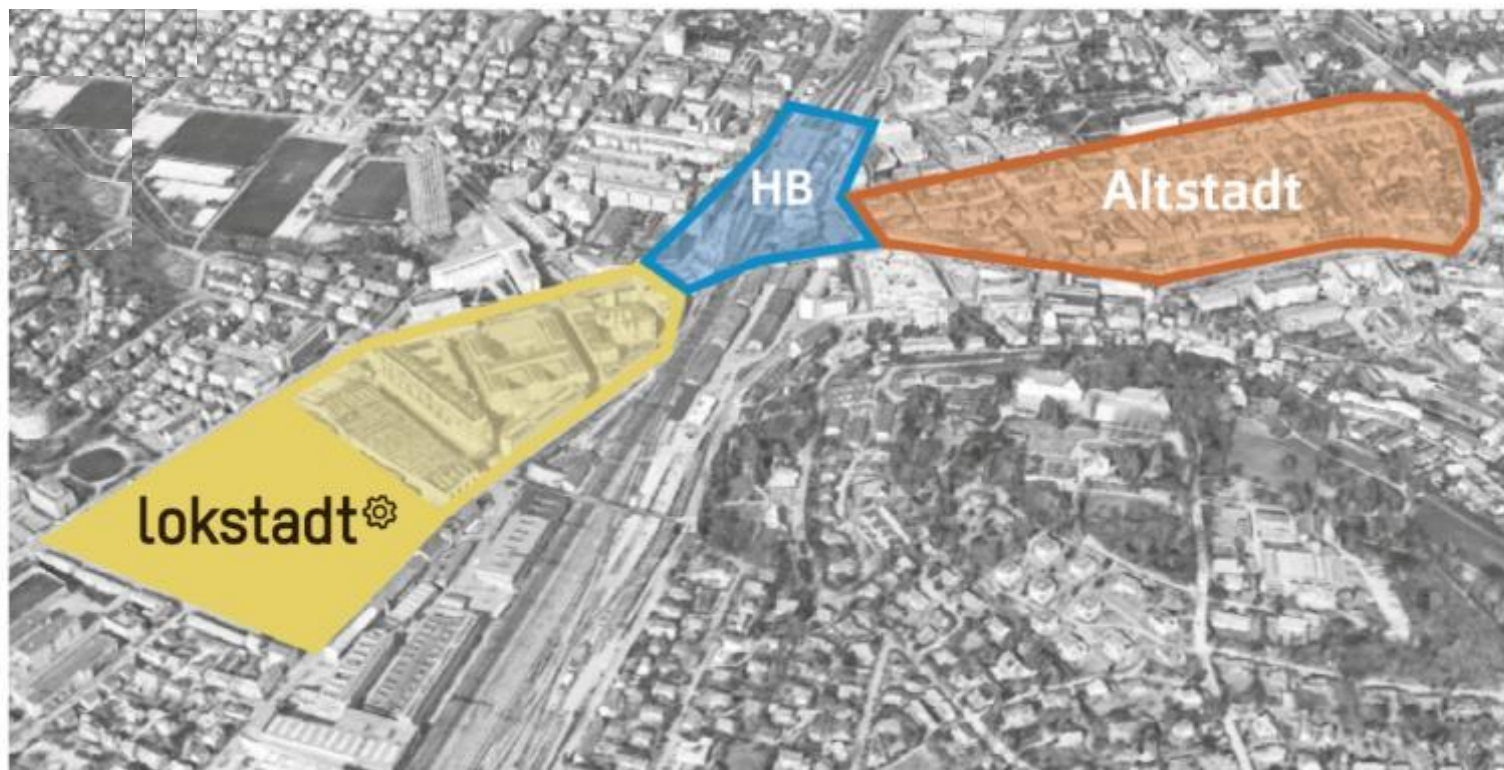
... and a perfect example of our integrated approach



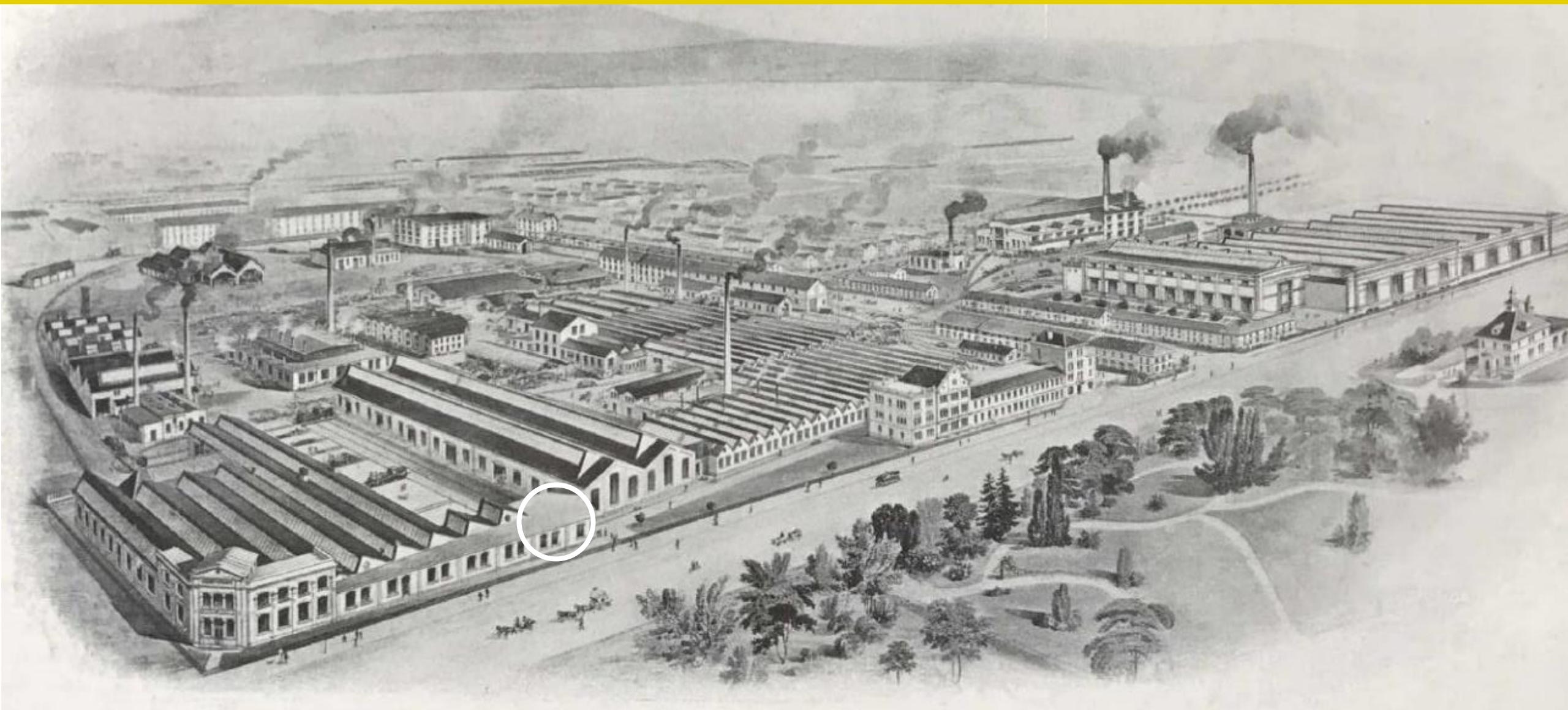
Implenia®

In the heart of Winterthur

Across from the old town a new part of the city is emerging for living, working and leisure.



History



Transformation of the surroundings – over the last 30 years from an industrial production area...



Transformation of the surroundings – over the last 30 years ... to an education-, culture- and service-oriented district



Vision

Lokstadt will be a destination setting new standards for sustainable urban developments in Switzerland – diverse and vibrant with a strong identity.





Urban living

Modern, diverse, urban architecture and density as well as vibrant public open spaces.



Industrial heritage

Authenticity, fusion of traditional and modern elements, attractive temporary uses, value based DNA.

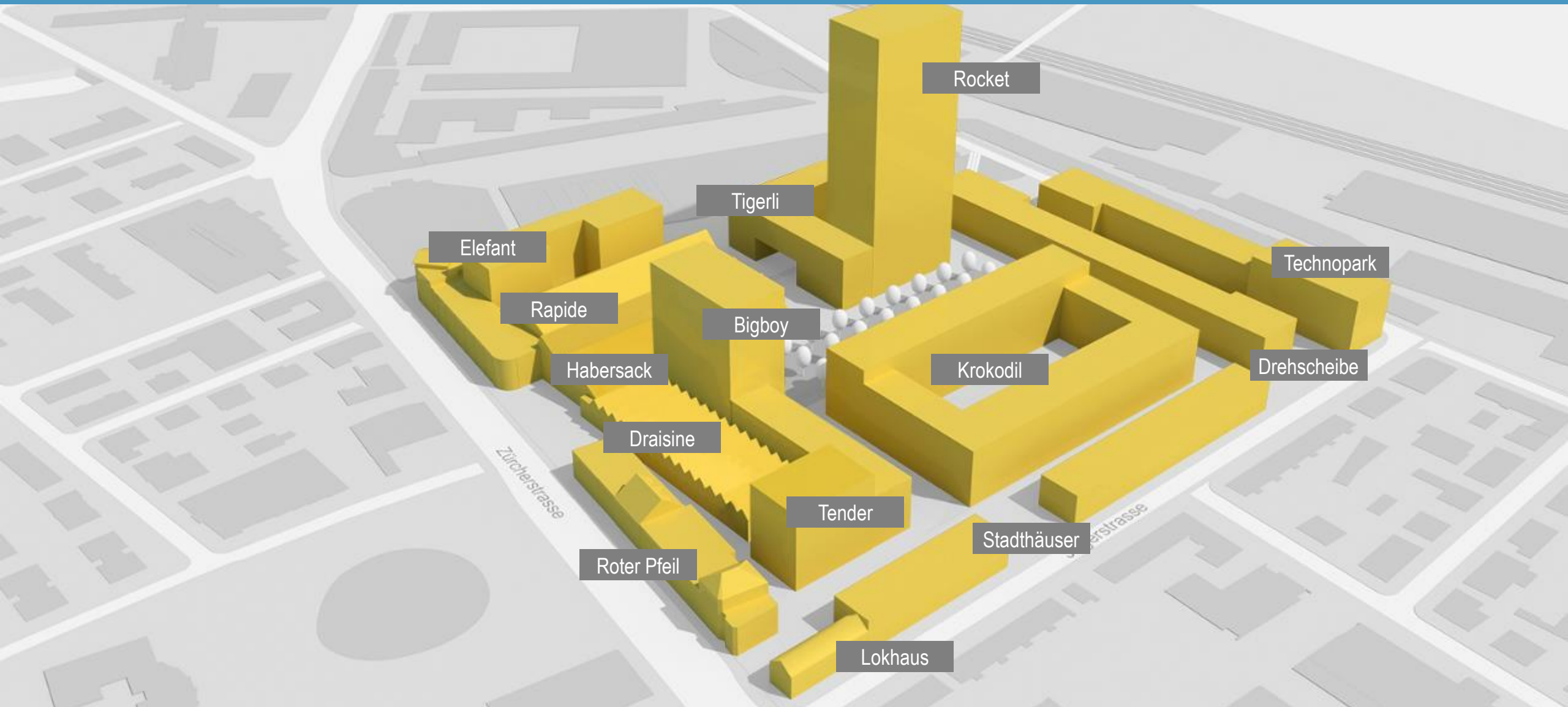


Sustainable lifestyle

Social diversity, energy efficiency, efficient use of resources, focus on public transport.

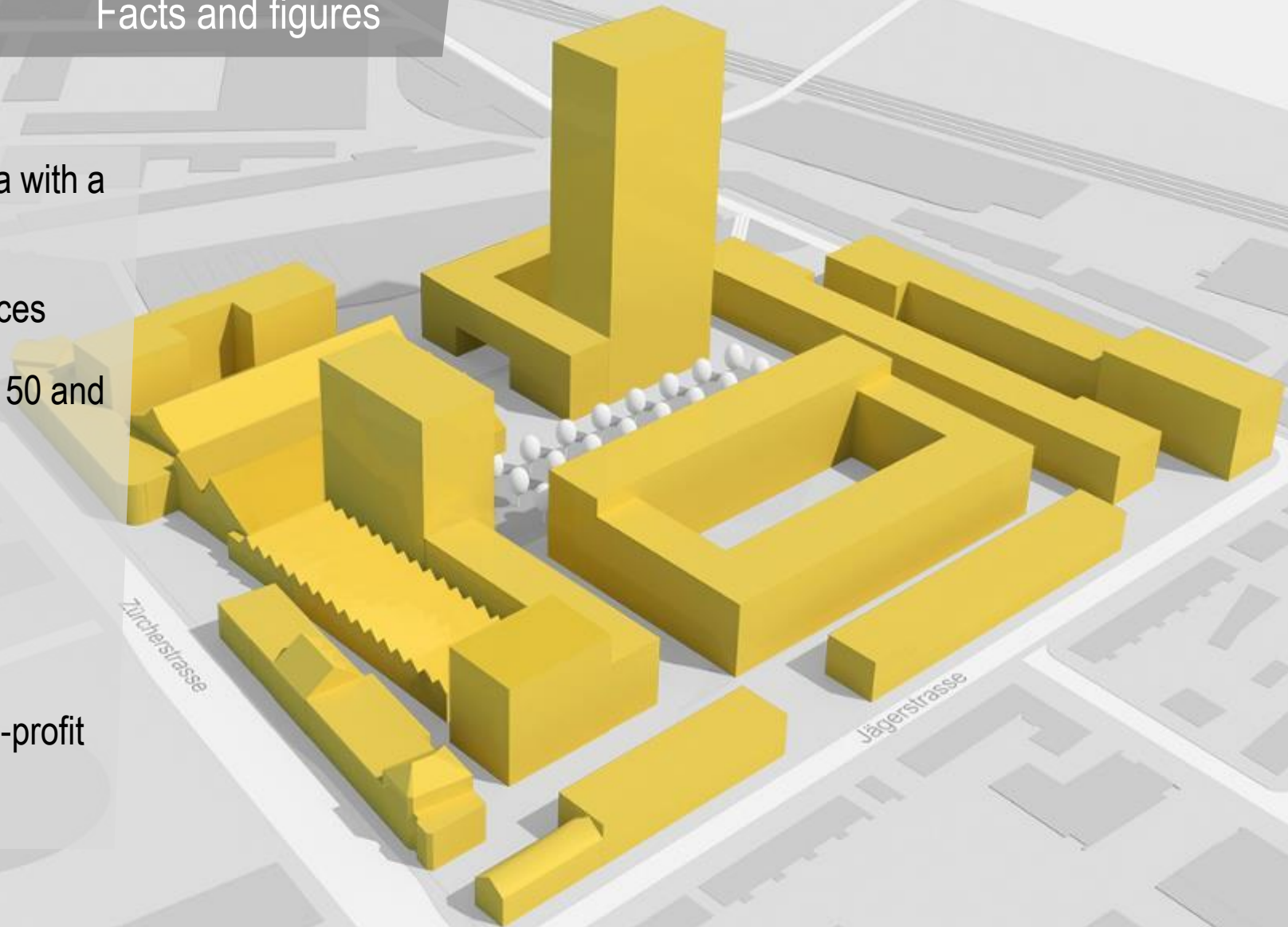
An urban district with a comprehensive history

Building names with reference to iconic railway locomotives



Masterplan

- 123,000 sqm gross floor area with a diverse mix of uses
- 21,000 sqm public open spaces
- 3 high rise buildings with 35, 50 and 100 m in height
- Protected industrial halls
- First «2000-Watt-Areal» in Winterthur
- 30% of residential areas non-profit
- Mobility concept



Offices and services



Lifestyle Hotel



Restaurant, market & events



Co-working and child care



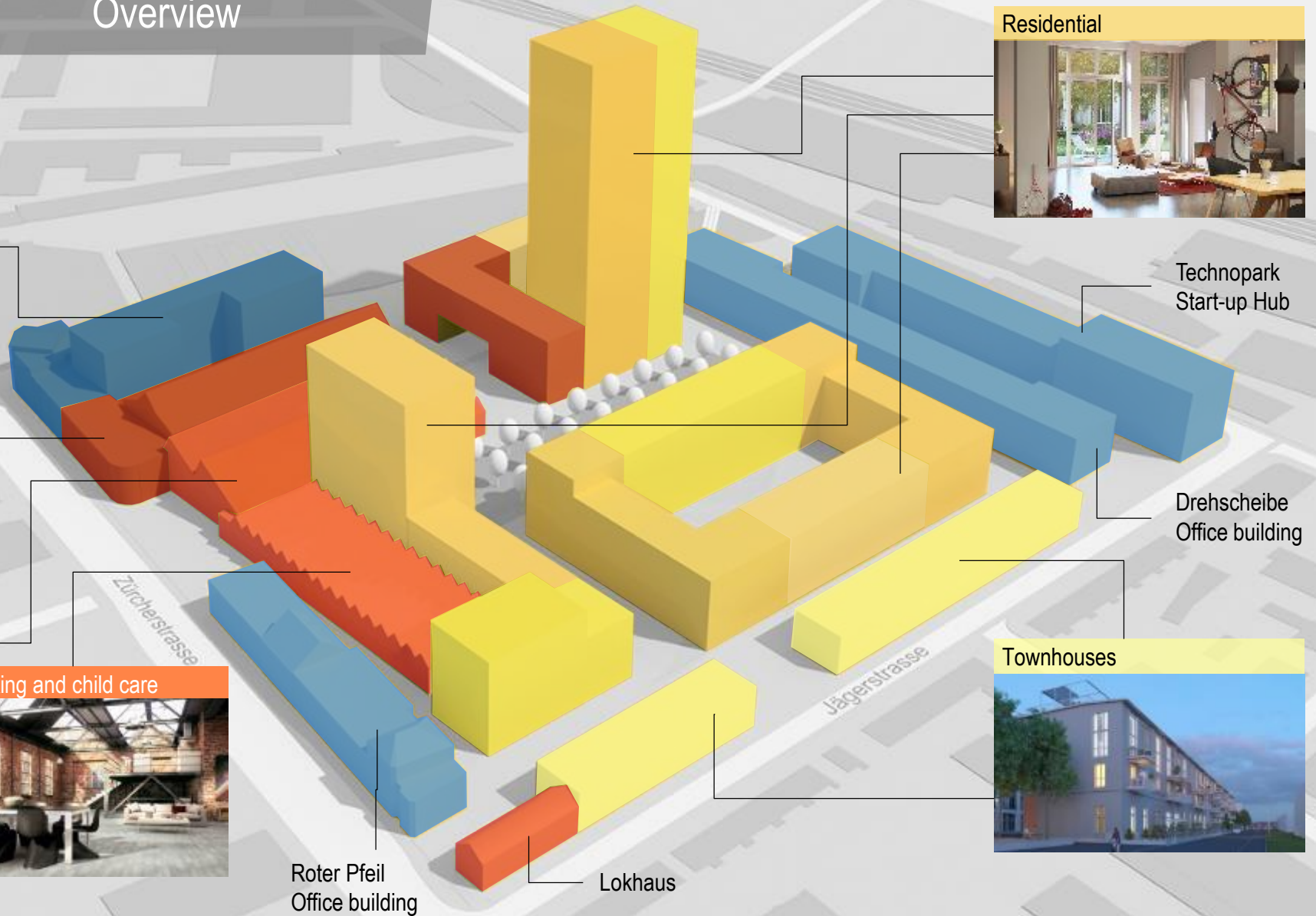
Residential



Technopark Start-up Hub

Drehscheibe Office building

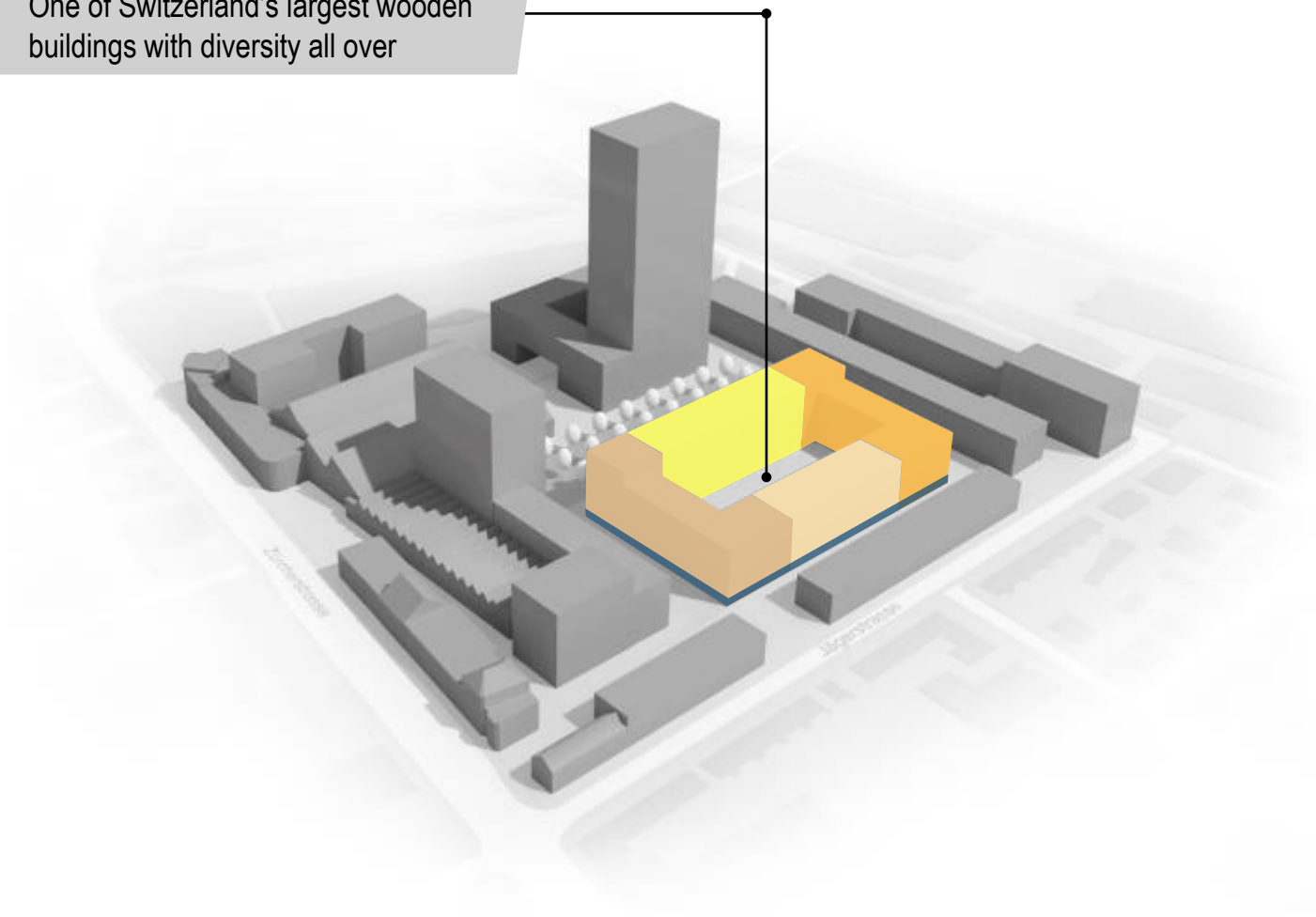
Townhouses








Krokodil (sold 2017/2018) The first chapter of the Lokstadt story

KROKODIL

One of Switzerland's largest wooden buildings with diversity all over



Use	Apt.
 Residential Adimora	69
 Residential Gesewo	72
 Residential gaiwo	51
 Residential STWE	56
 Retail	1,700 sqm

Timeline

Investor transactions	2017
Apartment sales	2018
Construction start	2018
Hand-over	2021

- Sustainable wood construction with 248 apartments.
- 2,500 interested buyers for 56 apartments
- Successful partnership with 3 investors for 192 apartments

Krokodil

Dialogplatz with the building Krokodil





- One of the largest wooden buildings in Switzerland
- 8'000 m³ of wood
- 11,000 t of stored CO₂



- All design in the Lokstadt is developed with BIM
- Increasing automation in the production process







Bigboy (sold 2018) and Tender

A new home in a high-riser

BIGBOY

The first high-riser in the Lokstadt designed by star architects EM2N

Use	Apt.
 Residential Bigboy	135
 Residential Tender	30
 Residential STWE	55
 Retail	2,400 sqm

Timeline

Transaction Bigboy	2018
Transaction Tender	2020
Construction start	2020
Hand-over	2023

TENDER

Urban living in a prime location adjacent to the Lokstadt Halls

TENDER HIGH-RISER

First apartments for private owners in a high-riser in Winterthur

Bigboy and Tender A new home in a high-riser



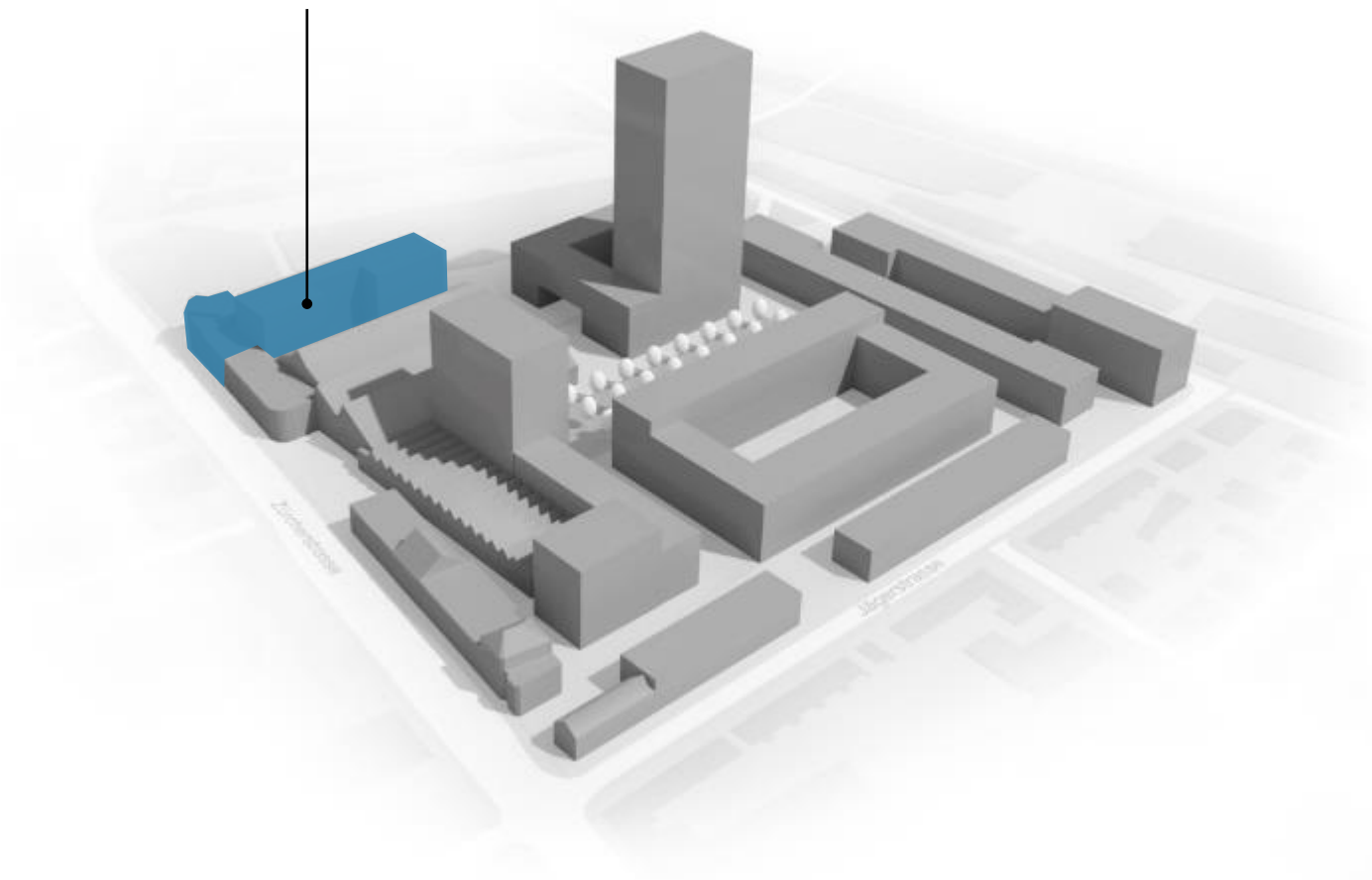
- Bigboy: High-riser 50 meters
- Tender: 35 m high-riser and connecting building
- 33 storeys
- 220 apartments
- 2,400 sqm retail in ground floor



Elefant

Modern office spaces in the Lokstadt

ELEFANT
An innovative office building
constructed in wood



Use	Usable area
Office SWICA	5,200 sqm
Office leasable	7,600 sqm
Total	12,800 sqm

Timeline	
Sales process	2020
Construction start	2020
Hand-over	2023

- Wood construction
- Minergie certified
- 6 storeys
- Maximum flexibility – separable spaces
- 2 roof terraces
- Large shared courtyard



Success story 2. phase: Elefant

Anchor tenant signed for spectacular office project



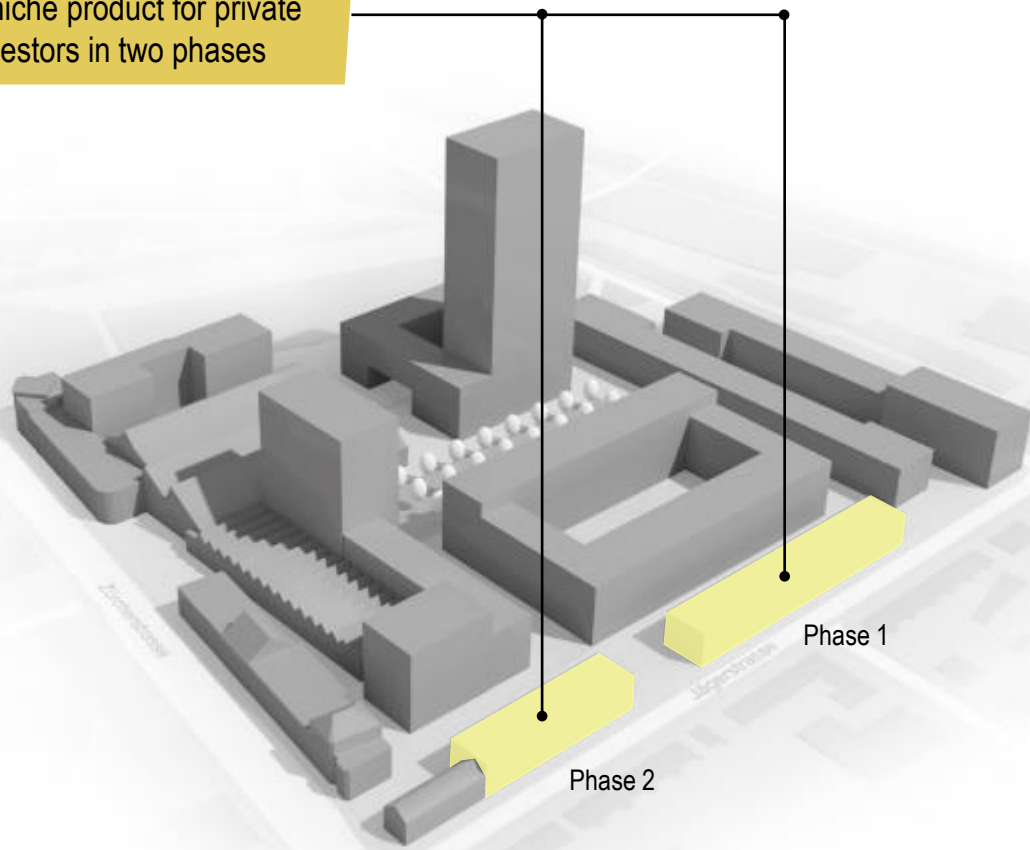
- The innovative office building Elefant amazes with 13,000 m² in a wood construction.
- Anchor tenant SWICA signed for 40% of the floor space.
- Availability of unique office landscape for unique companies

Town houses

Individual house ownership in the city center

TOWN HOUSES

A niche product for private investors in two phases



Use

11 houses resid./comm.
6 houses resid./comm.

Timeline

Phase 1:

Sales process	2019
Construction start	2019
Hand-over	2021

Phase 2:

Sales process	2020
Construction start	2020
Hand-over	2022

Prices

3.3 to 3.6 Mio. Swiss Francs

Town houses

Preserved existing facade represents heritage character







HALL RAPIDE




A lifestyle hotel in an impressive protected industrial hall

HALL HABERSACK

From the restaurant through the market hall to the event location

HALL DRAISINE

Innovative work environment with co-working, manufactures and a kindergarten

Use	Usable areas
 Rapide: Hotel	6,200 sqm
 Habersack: Markethall, restaurant	1,800 sqm
 Draisine: Co-working, Manufact.	1,400 sqm
Total	9,400 sqm

Timeline

Architect competition	2019
Construction start	2022
Sales process	2024
Hand-over	2024

Hall Rapide

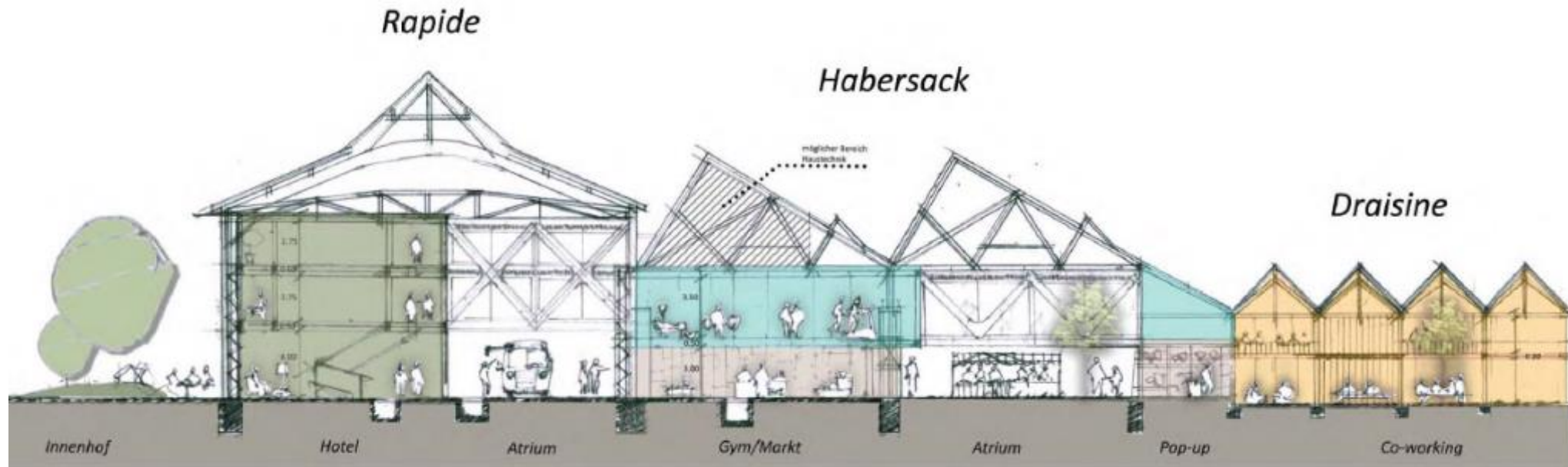
- Lifestyle hotel
- Mid-market segment
- Hall experience is kept

Hall Habersack

- Upscale restaurant
- Market hall
- Event location

Hall Draisine

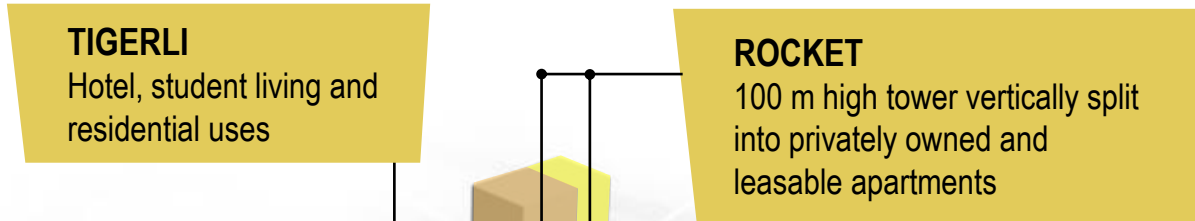
- Co-working
- Café
- Child care









Rocket and Tigerli

The new landmark building in Winterthur



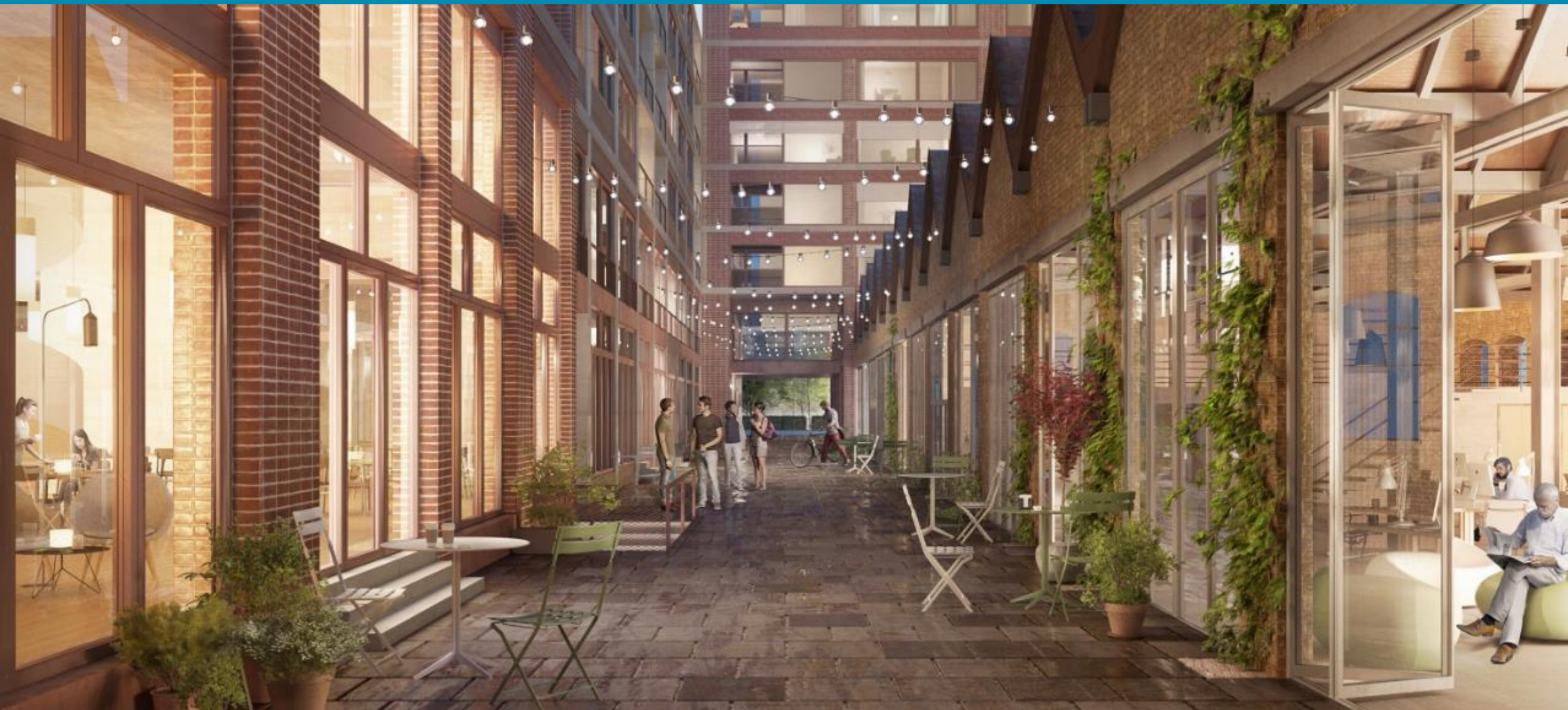
Use	Apt./areas
 Rocket Tower private own.	90 apt.
 Rocket Tower leasable apt.	120 apt.
 Tigerli: Hotel, stud. living	6,500 sqm
 Retail in ground floor	2,600 sqm
Total	28,200 sqm

Timeline

Architect. competition	2020
Construction start	2023
Sales process	2023/24
Hand-over	2025

Public spaces





Sustainability

A new city district with sustainable DNA Ecology, society and economy



Ecology



Society



Economy



Preservation of protected industrial heritage



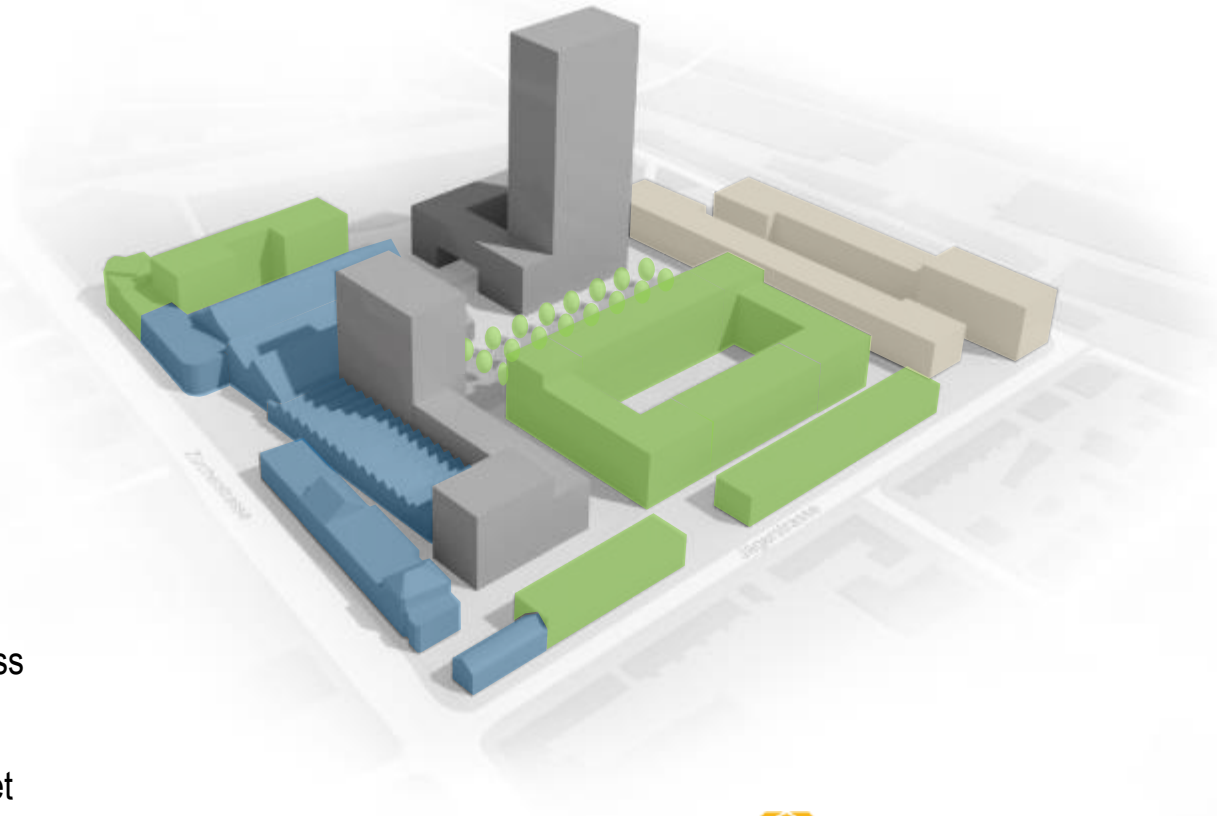
30 % non-profit residential spaces



Participative design process for public spaces



Diversity of uses and target groups, community app



Energy supply with PV and KVA



Certification as 2000-Watt-Areal



Mobility concept



Minergie Certifications



Resource preserving wood construction



Green spaces and bio diversity



Sustainable longterm investments



Capital Market Day 2019

Operational Excellence





Operational Excellence

Profitable growth: we have launched an Operational Excellence program to increase margins and market share

Operational Excellence program – key elements

Value Assurance

End-to-end **Value Assurance**¹ process with data-driven, risk-based project selection, pricing, execution, and steering

Procurement

Global sourcing, with group-wide volume pooling and supplier consolidation, based on industry-leading practices

Lean Construction

Optimized planning and production processes with strengthened real-time productivity / quality tracking

Processes and systems

Harmonized and standardized **business processes** and **systems**



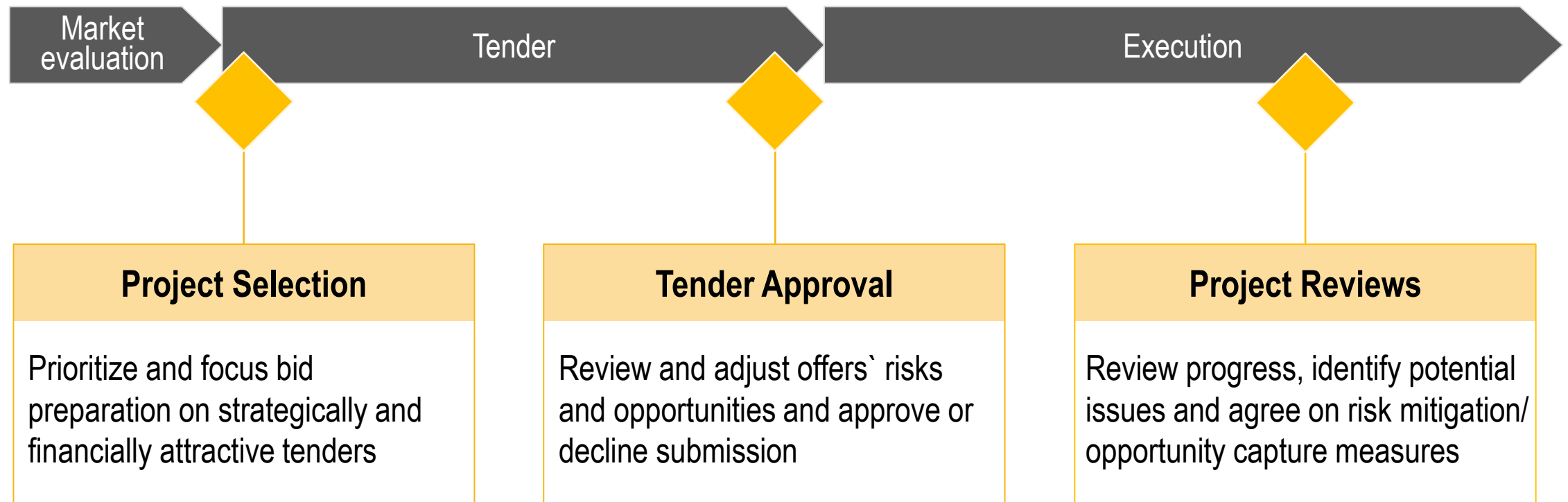
Value Assurance: Holistic framework to improve performance being implemented

	up until 2018	2019	from 2020
Governance	<ul style="list-style-type: none"> No holistic Group-wide Risk Management framework Milestone only for Tender approval Decision-making competency mainly based on volume 	<ul style="list-style-type: none"> 4 project classes based on risk factors, with committees for decision-making and escalation Milestones for Project Selection, Tender Approval and execution for large projects 	<ul style="list-style-type: none"> Project classes based on risk factors refined by analytics Milestones for Project Selection and Tender Approval plus Reviews during execution for all projects
Standards	<ul style="list-style-type: none"> No standardized classification and reporting across units Limited analytics to assess patterns of successful projects 	<ul style="list-style-type: none"> Group-wide standardized classification and reporting Group-wide early warning indicators and first analytics 	<ul style="list-style-type: none"> Standardized classification and reporting incl. early warning indicators and analytics tools embedded in ERP
Organization	<ul style="list-style-type: none"> Limited Risk Management resources to evaluate projects and drive knowledge sharing 	<ul style="list-style-type: none"> Ramp up of Value Assurance organization and new capabilities initiated 	<ul style="list-style-type: none"> Value Assurance Org. & networks for knowledge sharing in place New capabilities e.g. SWAT



Operational Excellence

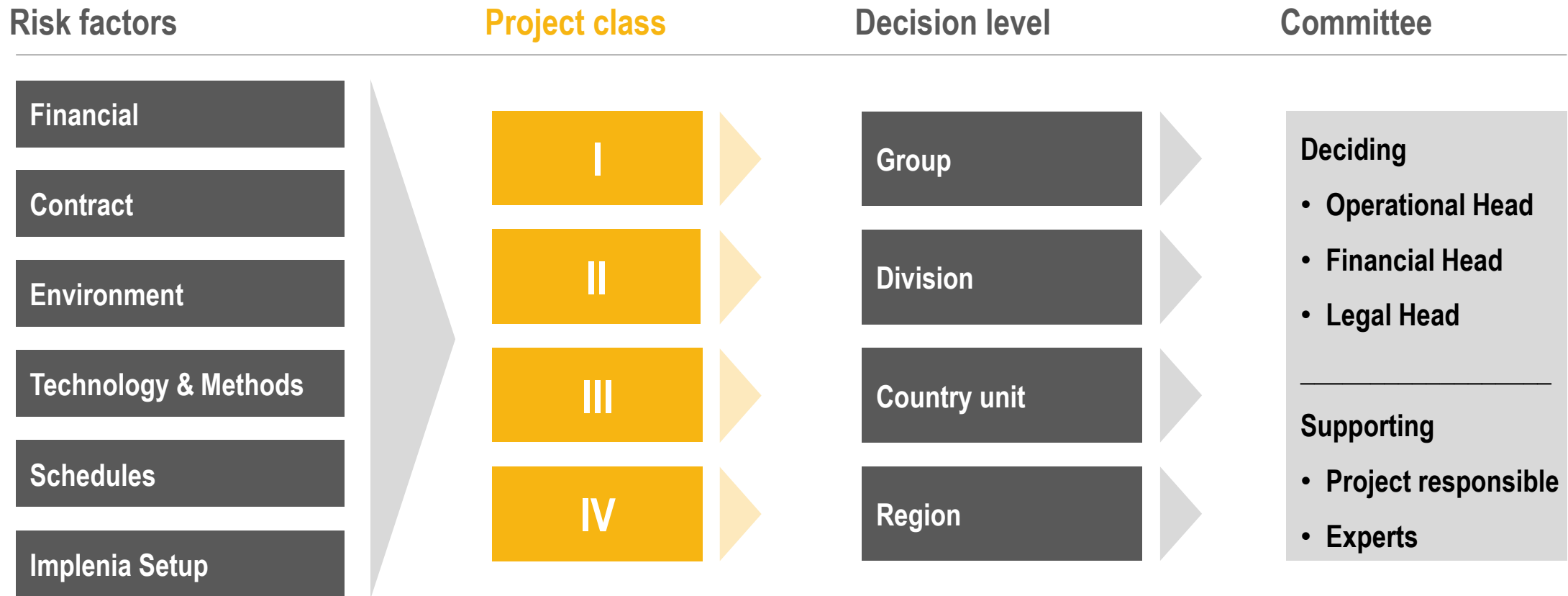
Value Assurance: Three milestones for a substantial increase in project value capture and a margin leakage reduction





Operational Excellence

Value Assurance: Projects are classified according to risk potential and approved by corresponding committees





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Operational Excellence

Procurement: Transformative program to foster deeper partnerships and generate mid- and long term savings

Supply Market

up until 2018

- Regional orientation of procurement activities
- Low level of coordination
- Low attractiveness as a customer with suppliers

Organization

- Establishment of national lead buyers coordinating procurement

Collaboration with business

- Late involvement of procurement in activities

2019

- **Short term savings:** Hosting supplier summits resulting in immediate significant P+L **savings**

- Expand lead buyer concept **across country borders**
- Development of **global procurement network**

- **Development** of sustainable savings measures
- Development of **category strategies**

from 2020

- **Consolidate supplier base**
- European sourcing
- **Bundling** across all divisions

- New organizational model focusing on **long term measures**

- **Regular councils** with business to achieve better alignment
- **Learning organization**



Operational Excellence

Procurement: Implementation of mid- to long-term measures has already begun – full potential to be reached by 2021

Short-term: Deepened partnerships with key suppliers



Multiple summits and 1-on-1 negotiations with key suppliers across countries to:

- Explore **deepening of partnership**
- **Identify saving levers** by suppliers
- **Define measures** effective immediately



Mid- / long-term: Category strategies



Multiple workshops with key Division and Procurement stakeholders to:

- **Optimize** procurement strategies for **top** categories
- **Define savings measures** (e.g. further bundling)
- Enhance **technical capabilities of procurement**
- **Create sustainable cost positions** e.g. standardization
- **Early involvement** of procurement in **calculation phase**



Operational Excellence

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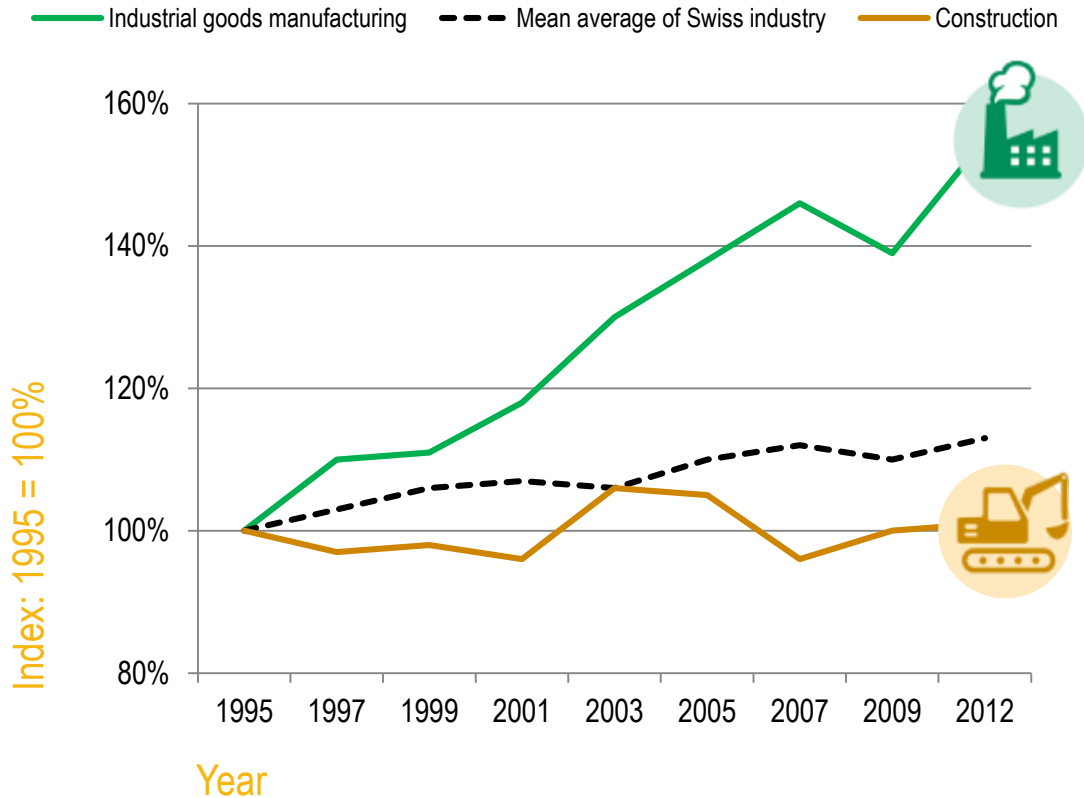
Harmonized and standardized **business processes** and **systems**



Operational Excellence

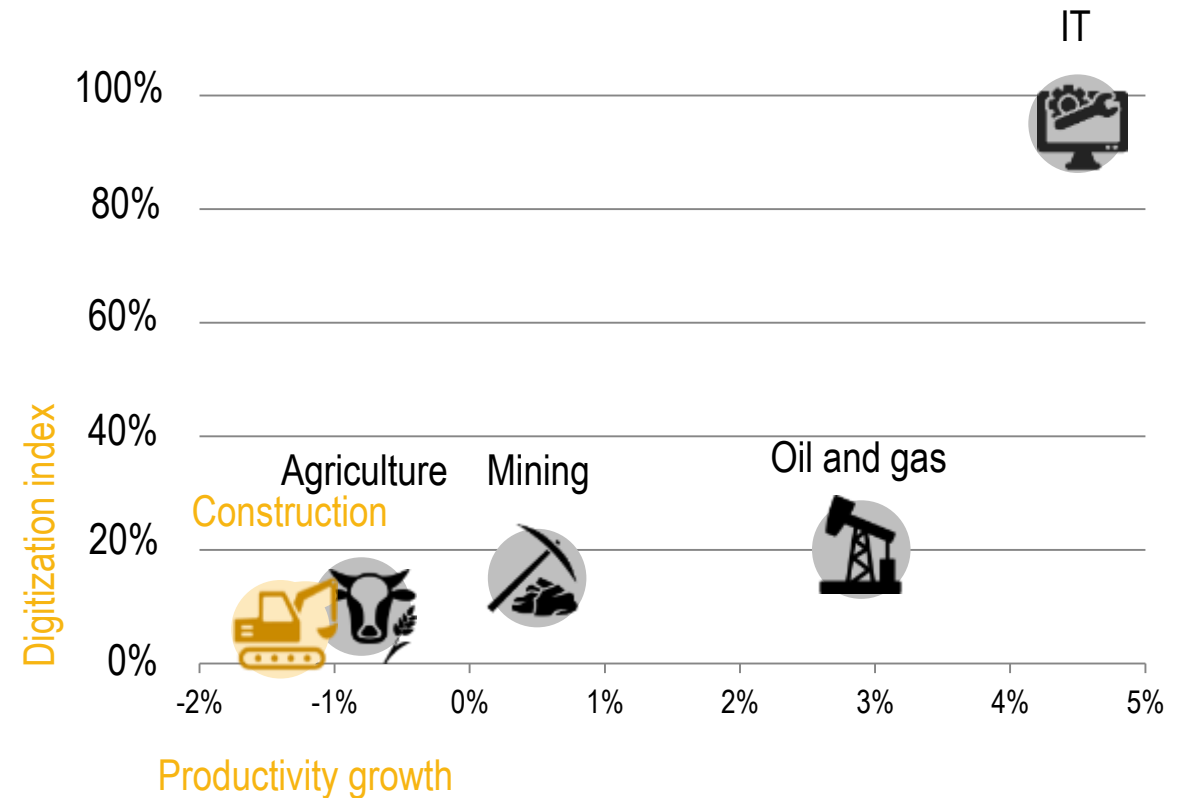
Construction industry is lagging behind with low digitalization and low productivity growth

Development of labor productivity in Switzerland



Source: Swiss Federal Office of Statistics

Digitization and productivity by industry globally



Source: McKinsey Global Institute 2017 / Reinventing construction: a route to higher productivity



Operational Excellence

Lean Construction: Toolbox being rolled out to standardize use of Lean methods & tools to increase productivity

up until 2018

- No group-wide Lean Construction approach
- Limited use of Lean methods on projects
- Limited ways to track use of Lean methods and their impact

2019

- **Standardization** of methods & tools
- **Deployment** in a Lean **toolbox** to enable application of best practices
- Start creating momentum and **embedding in culture**

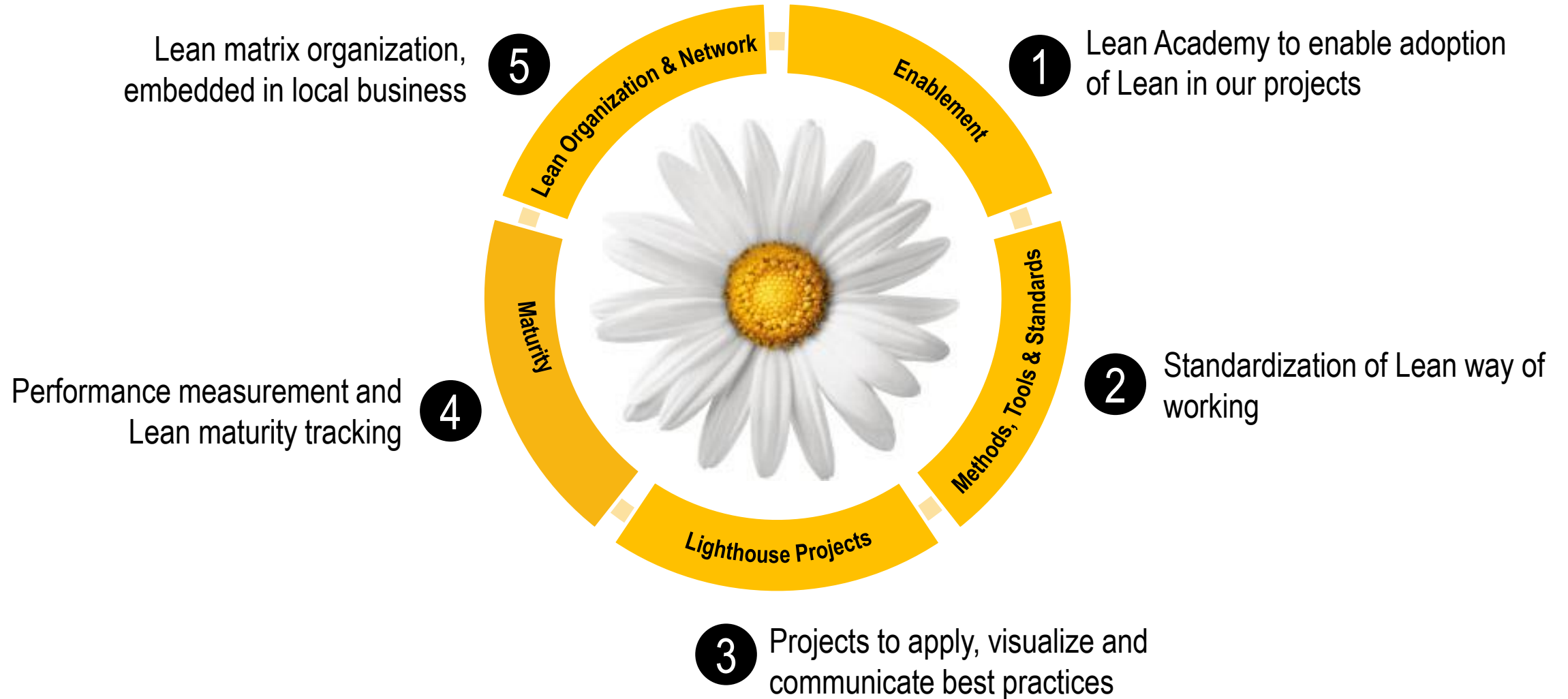
from 2020

- **Multiplication** and increasing number of **lighthouse projects** in Buildings
- **Ramp up Civil Engineering** by key projects
- **Strengthen culture** and incorporate Lean as 'standard way of working'



Operational Excellence

Lean Construction: Our Lean Construction roll-out is based on five key elements





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Operational Excellence

BIM: A portfolio of BIM use cases is defined but strengthening of expertise and comprehensive application still needed

up until 2018

- BIM capability built up, with development of first **use cases, mainly in planning phase**
- **Different levels of maturity** and expertise across countries

2019

- **Set of use cases** enlarged (planning and execution phase)
- **Roll-out** of use cases across countries through **group wide BIM strategy**

from 2020

- **Roll-out of use cases** across countries as per defined plan
- **BIM as competitive advantage**, with model-based core processes and enabled workforce

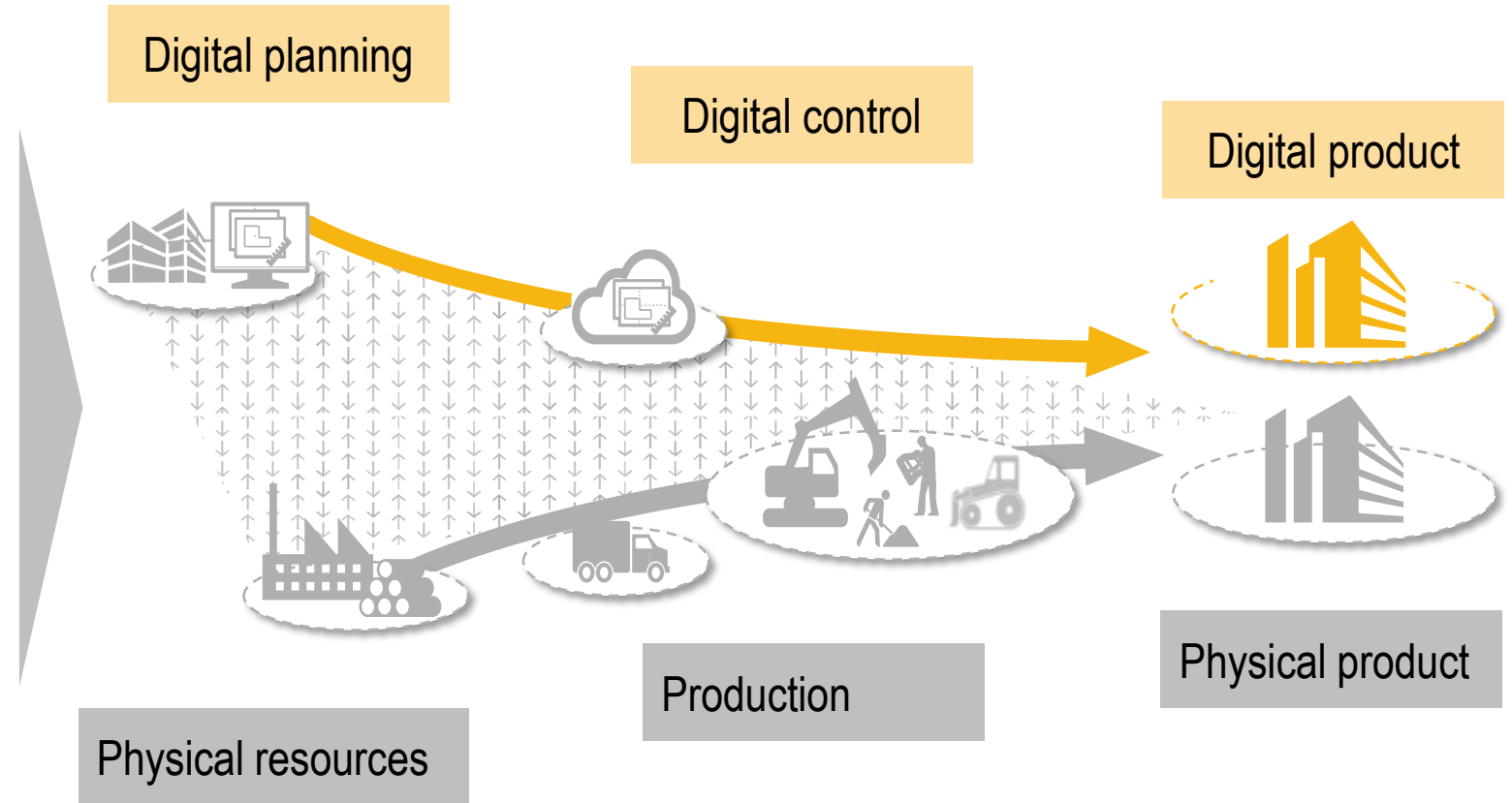


Operational Excellence

BIM as a key element to drive future industrial production

Fundamental principles

- Basis to gain competitive advantage
- End-to-end integration in projects
- Enabled project teams
- Standardized use cases to drive multiplication





Operational Excellence

INSPIRE: Integrated New Solutions for Processes at Implenia Reaching Excellence

up until 2018

- **Fragmented processes and systems** (e.g., due to acquisitions)
- Transformation and digitalization **program**
INSPIRE initiated

2019

- Enterprise-wide **mapping of core** and support processes
- **Blueprint** for future harmonized processes defined

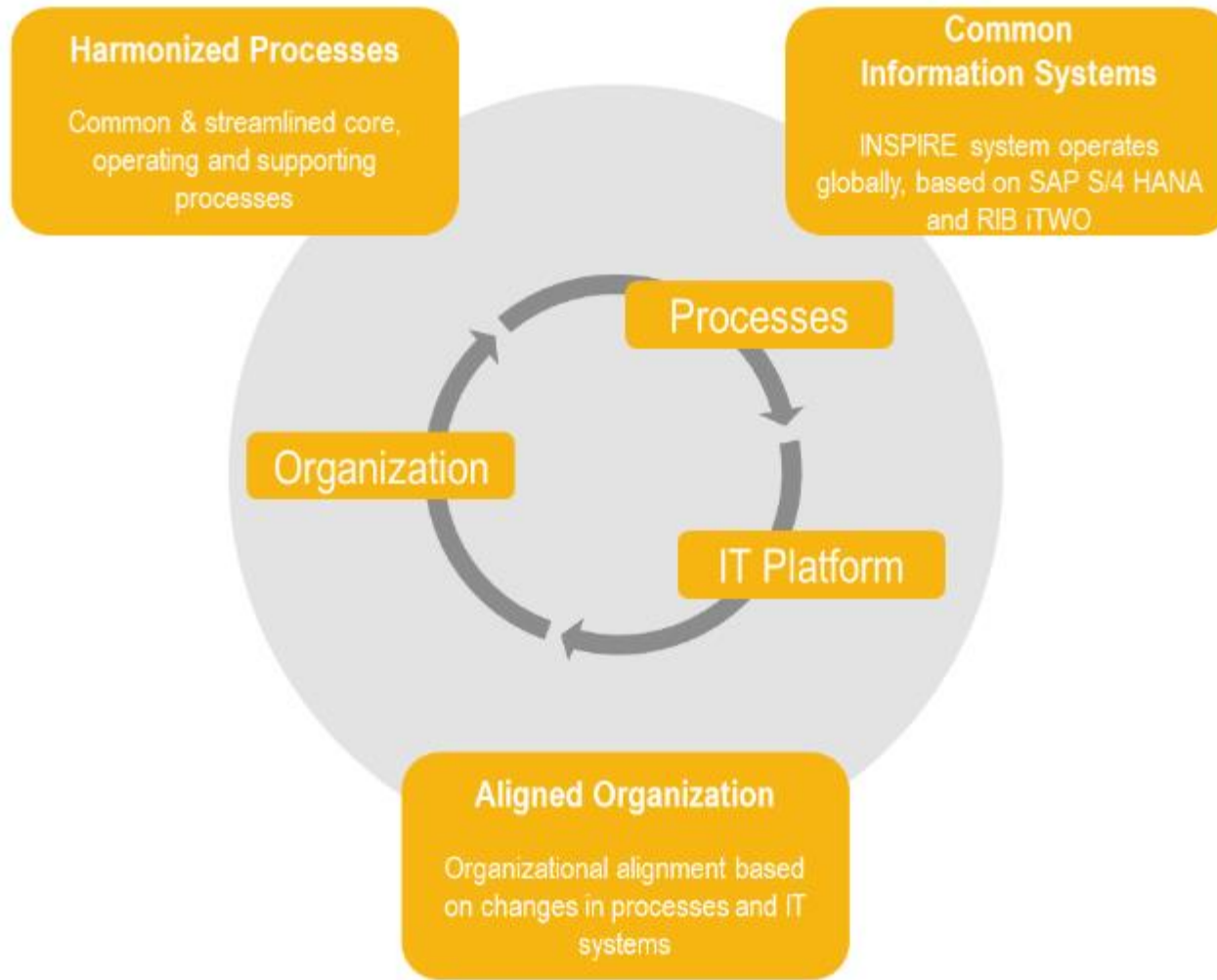
from 2020


- **Blueprint implementation piloted** in Switzerland in 2020
- **Roll-out of refined blueprint** to all markets from 2021




Operational Excellence

INSPIRE aligns processes, platforms and the organization and enables the core strategic priorities profitable growth and innovation



Profitable Growth 

- Realize synergies from a group perspective (e.g. procurement)
- Alignment of Management Reporting
- Creation of transparency to steer

Innovation 

- Usage of data for digital initiatives
- Closer collaboration with business partners
- New business models



Operational Excellence

INSPIRE as an enabler of our strategy implementation and our integrated operating model

INSPIRE is not just a **strategy add-on**... ... but an **integral enabler of our strategy**

INSPIRE is not an **IT project**... ... but a **business project**

INSPIRE is not a project that is run by an **isolated task force**... ... but is recognized as an integrated project with **participation from all businesses/functions**



Implenia



Our OpEx program is key to improve productivity

Our OpEx program is the basis for further industrial construction

Capital Market Day 2019

Division Buildings



Division Buildings

Buildings at a glance



Turnover

CHF >1.8 billion



Employees

~1.500



Branches

16



Turnover

CHF >450 million



Employees

~750



Branches

14



Turnover

CHF >100 million



Employees

~160



Branches

2

Value Assurance

What's new?

- Risk classification based on **financial and technical aspects** (e.g. geotechnical risks or subcontractor availability)
- **Project selection** meetings on each management level (Division, Country, Region)
- Periodic **project reviews** during the **complete project** process

Benefits

- Complex projects now in the **right decision-making committees**
- Committees involved during execution
- **Highly standardized** process

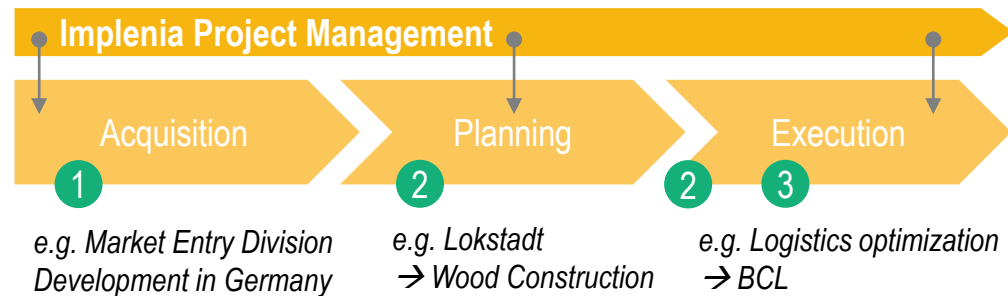
Example

- Total contractor tender for a school building with a volume of approx. CHF 35-40 million
- Project classification I: Project with **highly sophisticated facade** has now **management attention**; in the past it would have been processed autonomously in the region

Operating Model



Synergies



- 1 Land acquisition (DEV & IBU):** Broad customer network and regional presence in Switzerland, Germany & Austria
- 2 Cost and quality optimization (all Divisions):** Execution know-how in the calculation and planning phase (e.g. Lokstadt > Wood Construction; Logistics optimization with BCL)
- 3 Financial synergies:** E.g. invested capital



Speed

- Every division operates as a **stand-alone business** and is backed by technical specialists out of its best-in-class functions
- Short time to market:** High cost, schedule and quality guarantee in development projects in an early phase



CEC

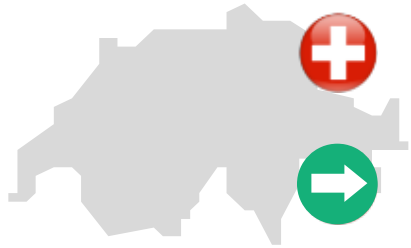
The **Country Executive Committee** allows consistent **information exchange** between divisions, countries and regions and ensures **solid decisions**



Clarity

The new divisional structure allows **clear roles, competencies** and **responsibilities**

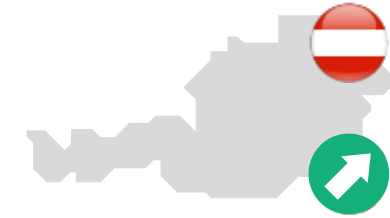
Market Update



- **Overall sound markets** with strong growth in Geneva & Zurich
- Decreasing number of turnkey projects in rural areas and saturation of the market for office properties



- **Strong market growth**
- **High demand** for small and medium-sized projects (*EUR 10-40 million*)
- Some **projects initiated in partner model** to optimize costs / time / quality



- **Many major projects** (*EUR >50 million*) on the market in Vienna
- **Residential construction** will still be the growth driver

Division Buildings

Project Highlights



Acquired / in execution



Projekt PI, Zug
CHF ~ 90 million



Quartier de l'Etang, Vernier
CHF ~ 270 million



KIM, Winterthur
CHF ~ 140 million



KSB, Baden
CHF ~ 50 million



Macherei, München
CHF ~ 45 million



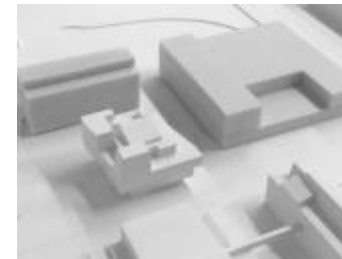
Indian Embassy, Geneva
CHF ~ 35 million



Calculation / in scope



HSG Learning Center, SG
CHF ~ 50 million



Forschungscampus EMPA
CHF ~ 50 million



Letziturm «TATI», Zürich
CHF ~ 80 million



Südcampus Bad Homburg
EUR ~ 90 million



**Laxenburgerstrasse 151
Bauplatz 2, Wien**
EUR ~ 35 million



Gangloff, Bern
CHF ~ 50 million

Capital Market Day 2019

Division Civil Engineering



At a glance

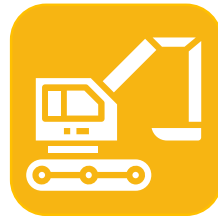
Our services



Tunnelling



Special
Foundations

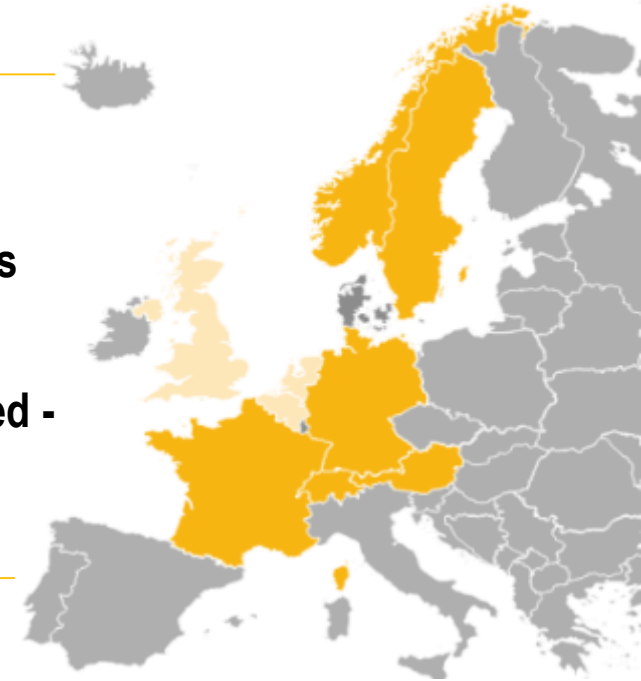


Civil

Our markets

Active in **all Implenia markets**
and opportunistic **worldwide**

Strong and locally networked -
Europe-wide



4'840 Employees
(TCP 1'771, IP 3'069)



Production output FY 2018
CHF ~2.3 billion

**Expert for complex
civil engineering projects
in our home markets and beyond**

Our portfolio and services



Tunnelling



Full cut drilling



Blasting



Dredging



Raise drilling



Logistics

...



Special Foundations



Total construction pits



Pile foundations



Trenchless



Bracings



Subsoil improvements

...



Civil



Construction engineering



Refurbishment / Repair



Infrastructure



Water / Sewage



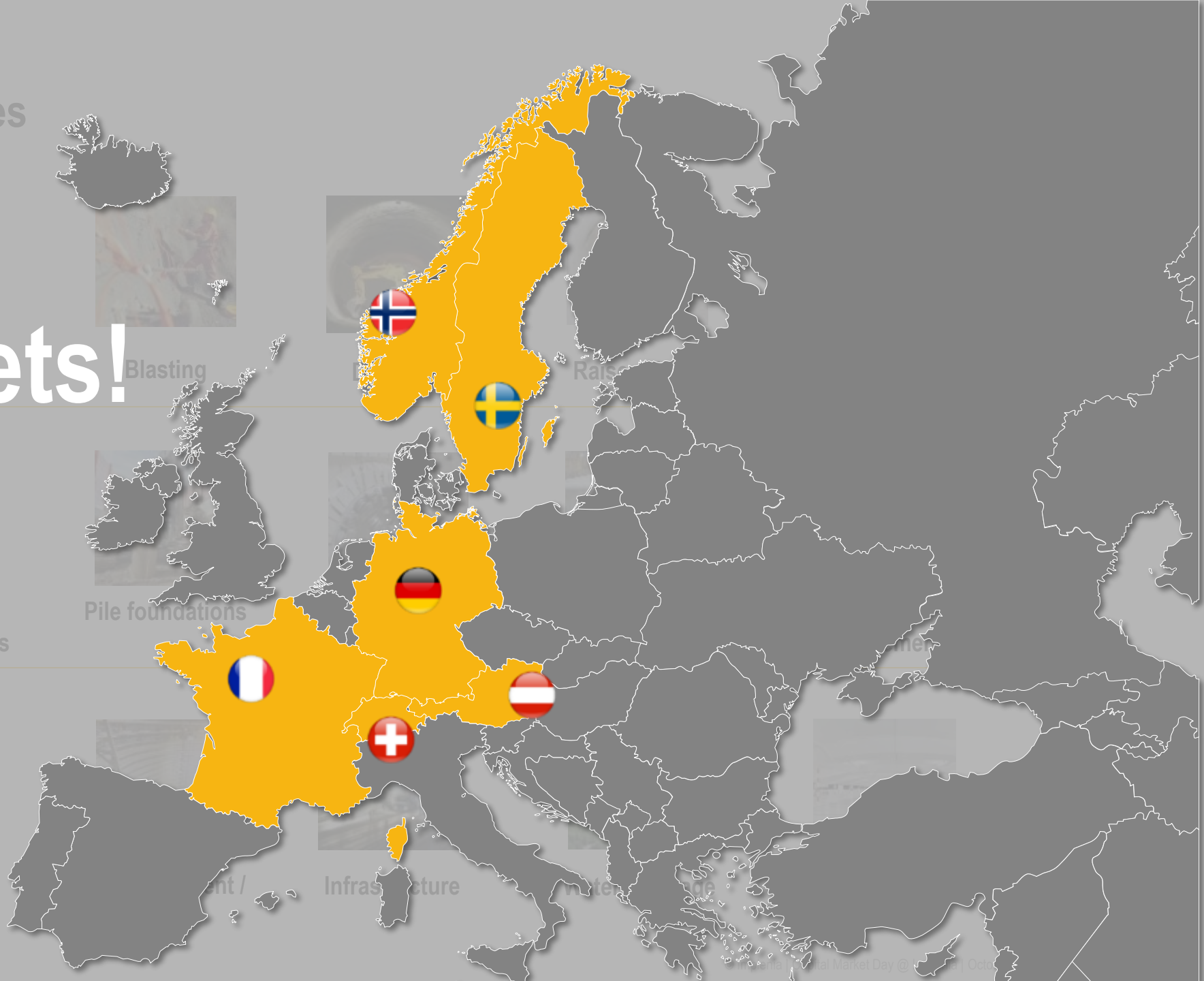
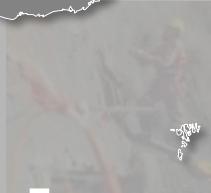
Parking facilities

...

Division Civil Engineering

Our portfolio and services

In all our home markets!



Special Foundations

Total construction pits

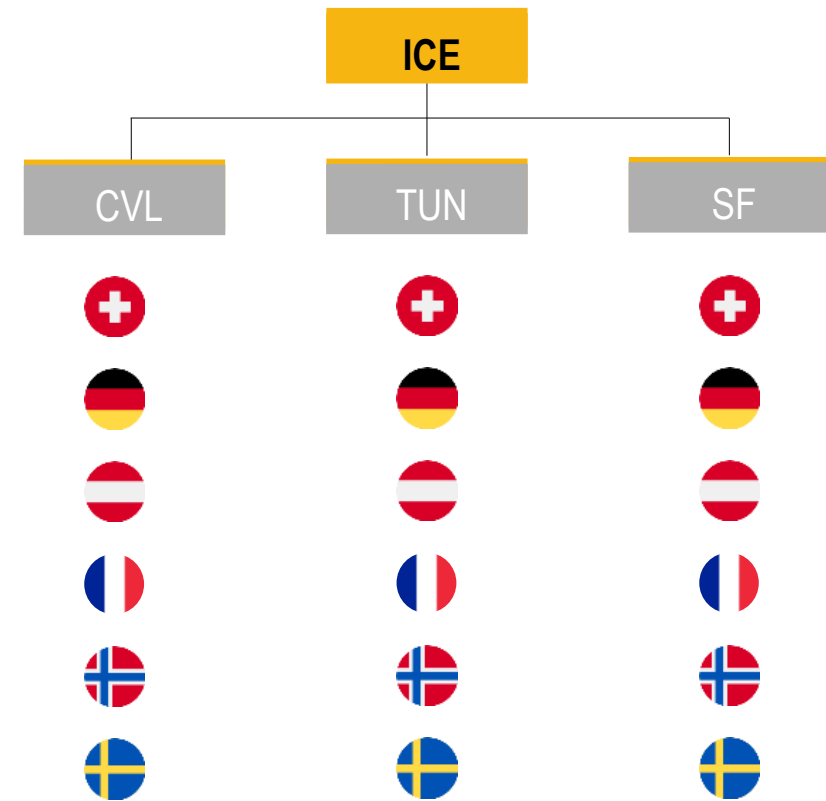
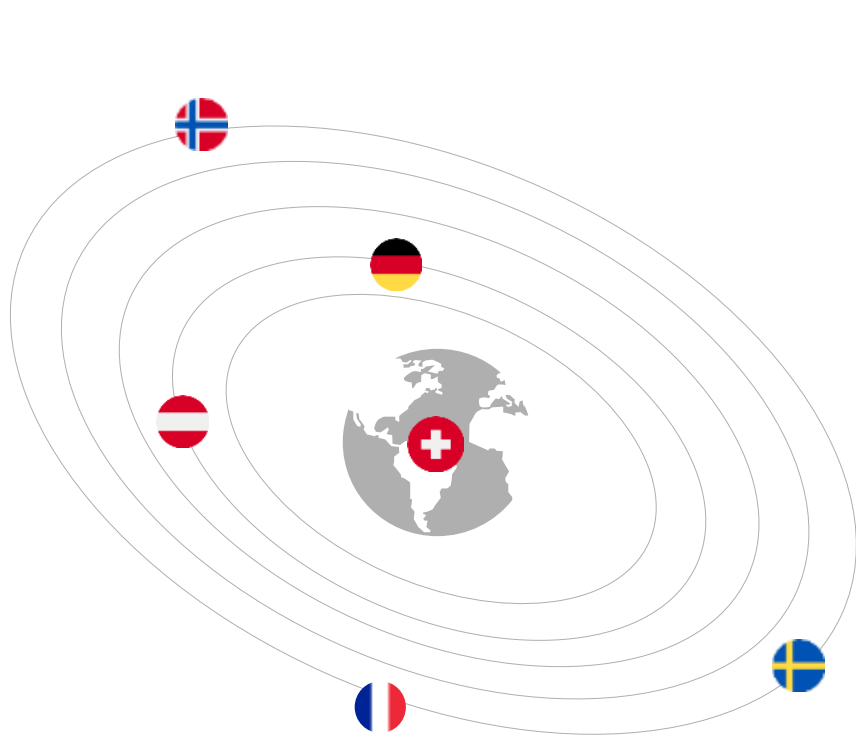
Pile foundations

Civil

Construction engineering

Infrastructure

New Operating Model in place – From country to divisional organization



New Operating Model in place – Our experiences



Structure

- Clear structure via **divisional organization**
- Aligned for **international growth** (scaleability)



Responsibility

- **Clear** definition of **competences** and **P&L responsibilities**
- **Clarity of contact persons** both internal and external



Exchange

- More **efficient exchange** of knowledge within Division (vertical & horizontal)
- **Consistent information exchange** across all Divisions (Country Executive Committee)

First success already achieved, e.g. acquisition of the Norwegian project Sanbukta-Moss-Såstad with involvement of BU Tunneling, Special Foundation and Civil from Germany and Norway

Value Assurance – From Risk Management to Value Assurance



Governance

- **Efficient decision-making** through clear process and evaluation criteria
- **Defined VA-Committees** and clear escalation paths



Standards

- Defined groupwide standardized **classification** and **reporting standards**
- Defined **early warning indicators** and KPI's



Organization

- **Clear responsibilities** and attention to key project
- Development of an **internal knowledge database**

Value Assurance – Our Experiences

What's new?

- **Clear group wide standard** for project assessment
- Periodical **project selection meetings** over all levels
- **Holistic approach** for value assurance

Benefits

- **Clarity** about all process steps in project selection phase
- **Right people** involved over the complete project duration
- VA goes **far beyond** mere Risk Management

Example

- **Stable and well-known project selection process** throughout the Divisions
- **Early involvement** of key people
- Classification of projects based on **financial and technical aspects**

Better focus on project selection due to holistic value assurance process

Division Civil Engineering

Market outlook

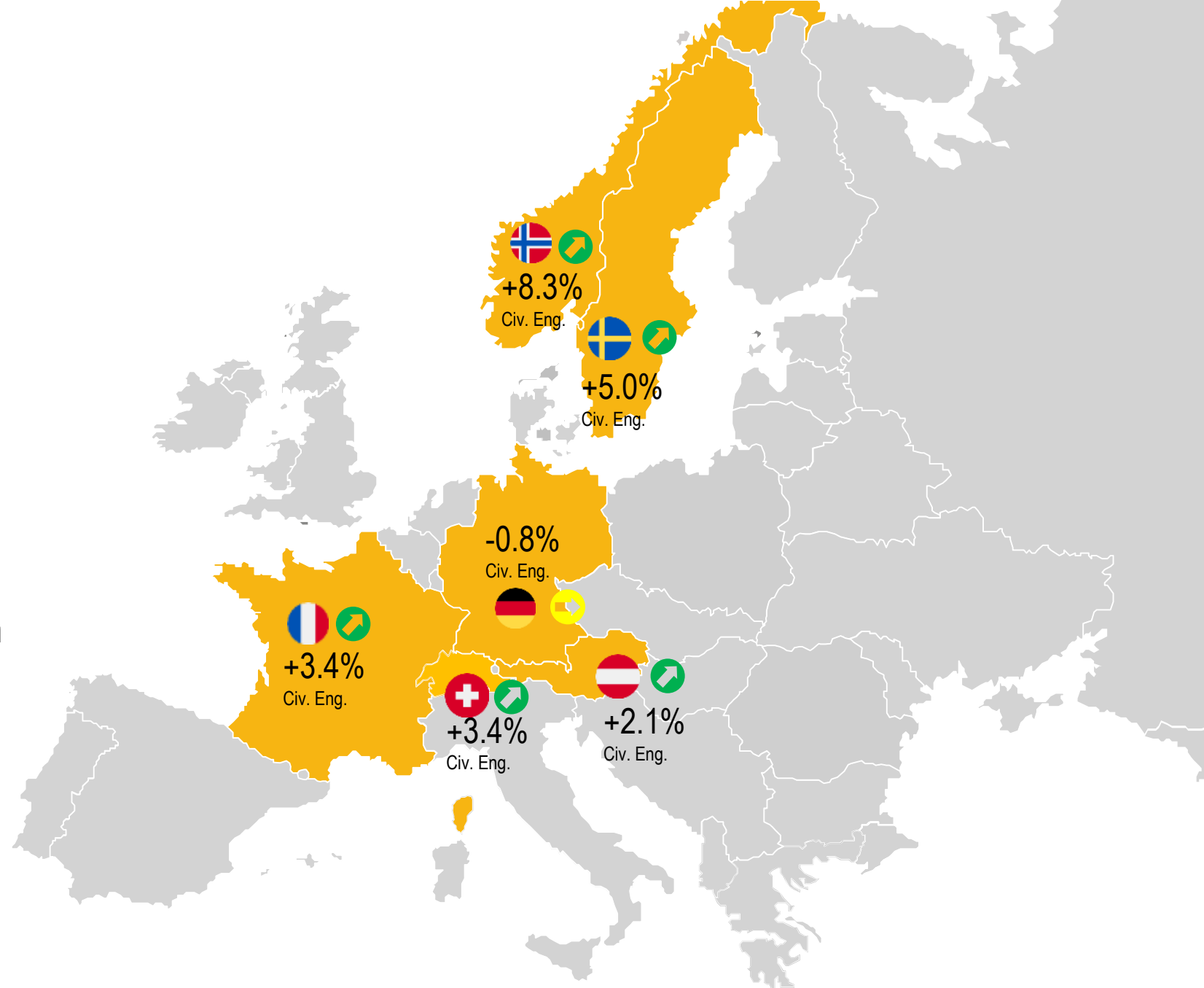
Civil Engineering markets

Overall **good development** in the Civil Engineering business in terms of upcoming investment

New markets with high potentials under analyzation for further expansion via Civil Engineering as a door opener

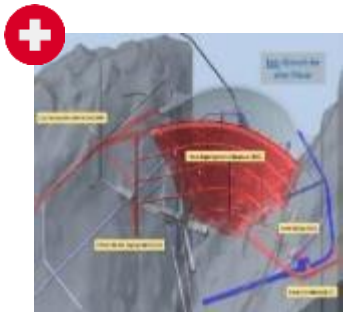
 Civil Engineering markets

CAGR 2018-2021 investments



Project Highlights

Acquired / in execution



Arch Dam Spitallamm
CHF 98 million



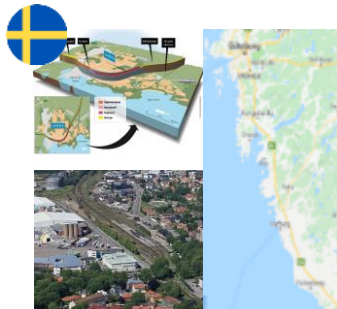
SMS 2A
EUR 650 million



380 KV Kabeldiagonale
EUR 128 million



Überseequartier HH
EUR 70 million



Varberg Phase II
EUR 345 million



Einhausung Schwamendingen
CHF 200 million

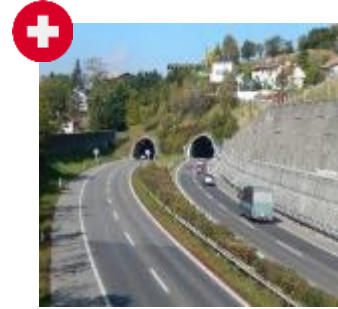
Pipeline / in scope



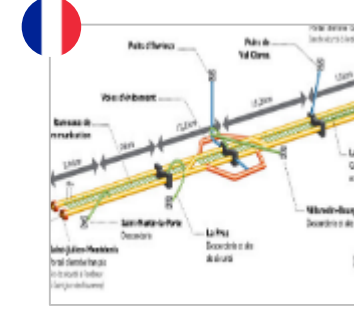
E39 Rogfast Kvitsoy
CHF 437 million



Kühtai II PSW Sellrain
EUR 400 million



Vennes-Chexbres
CHF 72 million



TELT – Puits d’Avrieux
EUR 500 million

Conclusion – First improvements visible



- Strategy confirmed
- First improvement visible due to organizational changes and Value Assurance approach
- Positive market development

- Pursuing our long-term strategy
- Focus on profitable growth
- Concentration on our strengths and core competencies

Capital Market Day 2019

Division Specialties



Division Specialties

Our organization



**BCL, Construction
Site Logistics**



**Implenia,
Formwork**



**Implenia Modernbau,
Hoch- und Tiefbau**



**BBV, Tensioning
Products / Systems**



**Implenia, Wood
Construction**



**Implenia, Facade
Technology**



**TETRAG Automation,
Energy Controlling**



**Tüchler Ausbau,
Interior/Dry Construction**



**GCM,
Gravel Quarry**



**SISAG,
Gravel Quarry**

Division Specialties

Specialties at a glance



Turnover

CHF >53 million



Employees

~150



Units

4 Units



Turnover

CHF >180 million



Employees

~600



Units

5 Units



Turnover

CHF >10 million



Employees

~40



Units

1 Unit

Value Assurance

What's new?

- Create a **corporate identity of operational excellence**
- **Shared knowhow and capability** in order to support and understand the sources of potential risks and opportunities from several perspectives

Benefits

- Having a clear classification of projects helps **gaining speed and transparency** in order to set the base for profitable growth
- **Higher & early awareness** of risks and opportunities

Example

- **Polen:** Underestimation of **technical risks and lack of performance transparency** during the project execution
- Lesson learned to improve

Operating Model



Synergies

- Better **common trend and market understanding**
- **Know-how:** Accelerator to **strengthen internal collaboration**



Speed

- **Fast and clear responsibility** for each country, an excellent partnership with our international customers



Clarity

- No management attention for niche units, today there is a **clear strategic direction** with a strong **internal and external focus**



CEC

- **Aligned and clear information sharing** and responsibility to create a consistent and **best practice approach across all units**

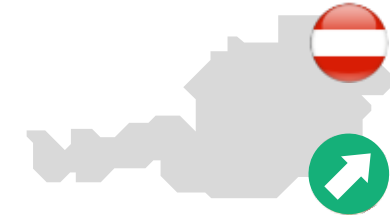
Market Update



- **Overall sound market environment**
- Wood as the future of construction, **Implenia Holzbau's** aim is to become a leader in wood construction in Switzerland



- **Strong market growth**
- **Wind market** with temporary slow down
- **Facade and buildings construction logistic services** are highly requested



- **Residential construction and modernization projects** in Wien are strong growth driver

Division Specialties

Project Highlights

Acquired / in execution



Pi

CHF 12 million

Implenia, Wood Construction



KIM

CHF 13 million

Implenia, Wood Construction



Charité Berlin

EUR 6 million

Implenia, Facade Technology



ZRE Hamburg

EUR 2 million

BCL, Construction Site Logistics

Pipeline / in scope



WDR

EUR 11 million

Implenia, Facade Technology



FDO

CHF 7 million

BCL, Construction Site Logistics



Forum Alexanderplatz

EUR 12 million

Implenia, Facade Technology



Talbrücke Unterrieden

EUR 3 million

BBV, Tensioning Products / Systems

Capital Market Day 2019

Closing remarks



Closing remarks

Our markets offer attractive opportunities

Demand drivers



Urbanization

By 2050, 87% of the population in Western Europe¹ will live in urban areas² (vs. 79% in 2018)



Mobility & infrastructure investments

By 2035, CHF 2.4 trillion will be invested in economic infrastructure in Western Europe^{1,3} (vs. CHF 1.9 trillion in 2017)

Industry shifts



Consolidation & internationalization

Increasing importance of economies of scale, risk diversification and innovation investments



Industrialization

Increasing productivity through factory-based production of modules



Digitalization

Increasing need of systems and solutions, e.g., Building Information Modeling (BIM)



Sustainability

Increasing focus on environmentally and socially sustainable solutions















¹ Incl. Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and United Kingdom

² United Nations Department of Economic and Social Affairs

³ Global Insight, International Transport Forum, Global Water Intelligence, World Energy Outlook, MEED, World Bank, African Development Bank, Asian Development Bank, Country National Accounts

Closing remarks

Megatrends will drive continued demand in all our Divisions

	Development 	Buildings 	Civil Engineering 	Specialties 
 Urbanization By 2050 , 87% of the population in Western Europe ¹ will live in urban areas ² (79% in 2018)	 Residential and non-residential projects	 Residential and non-residential projects	 Special foundations for building projects	 Enabling offerings for building projects (e.g., logistics, façade)
 Mobility & infrastructure investments By 2035 , CHF 2.4 trillion will be invested in economic infrastructure in Western Europe ^{1,3} (CHF 1.9 trillion in 2017)	 New projects triggered by new infrastructure / mobility axes	 New projects triggered by new infrastructure / mobility axes	 Roads, railways, special foundations, tunnels	 Enabling offerings for infrastructure projects (e.g., pre-tensioning)

 Direct demand driver

 Indirect demand driver

¹ Incl. Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and United Kingdom

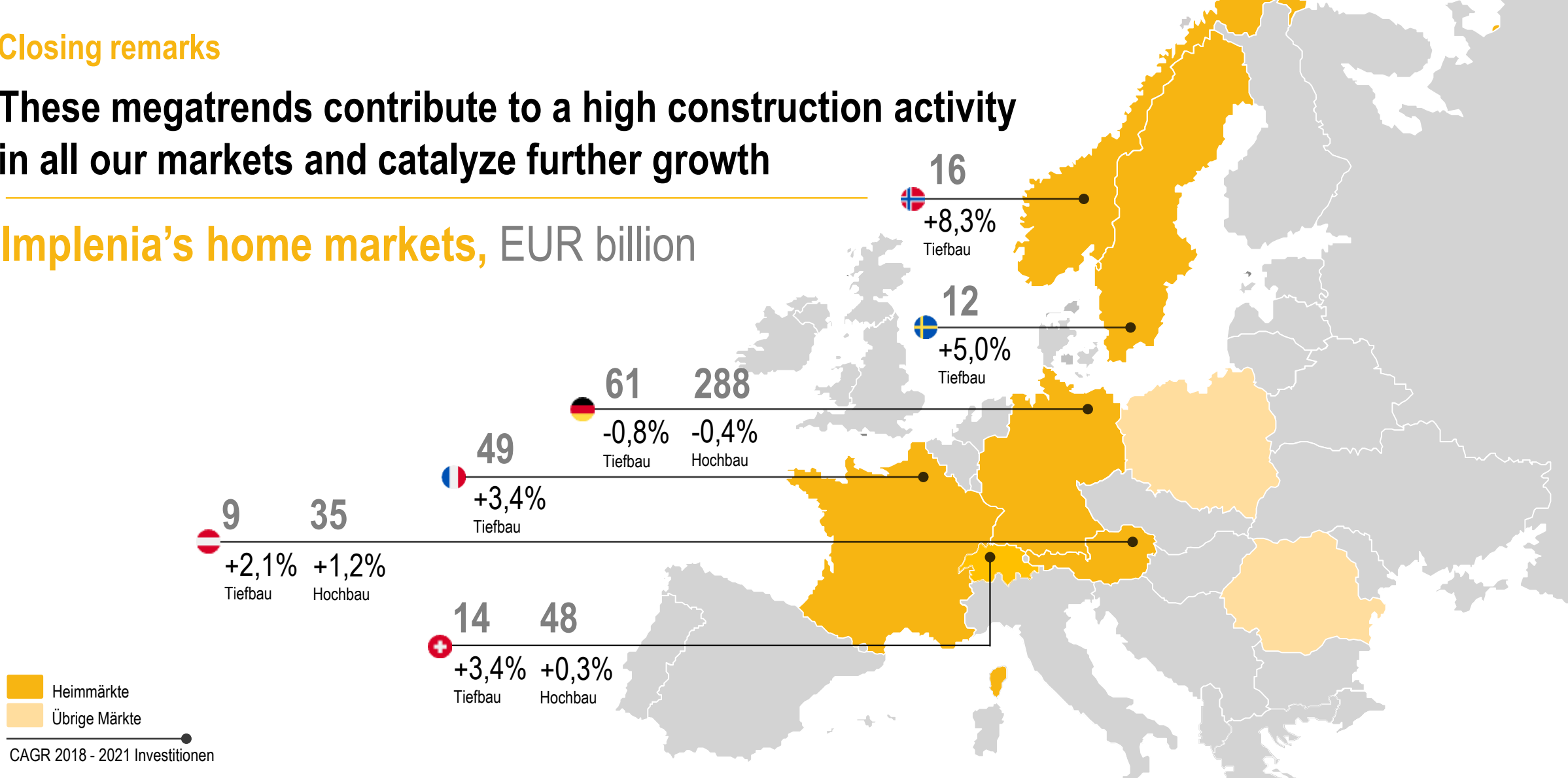
² United Nations Department of Economic and Social Affairs

³ Global Insight, International Transport Forum, Global Water Intelligence, World Energy Outlook, MEED, World Bank, African Development Bank, Asian Development Bank, Country National Accounts

Closing remarks

These megatrends contribute to a high construction activity in all our markets and catalyze further growth

Implenia's home markets, EUR billion



Germany and Switzerland estimates, indicating activity stagnating at a historically high level, are seen as conservative – many other sources expect incremental growth

Closing remarks

We will rigorously deliver against our four strategic priorities to achieve our vision

Portfolio



Run a portfolio of critical-size businesses in attractive markets

Strong differentiated businesses

Profitable growth



Manage and operate businesses for profitable growth

Increased market share and margins

Innovation



Drive innovation in all segments and across businesses

Fast scaling of proven innovations

Talent and organization



Attract, develop, and retain talent with leading capabilities

Right people and skills in right roles

Closing remarks

We are fully committed to delivering against our ambitious goals

	2019	Medium-term
EBITDA ¹	<p>Over CHF 150 million <u>before</u> cost of strategy implementation</p> <p>Expected strategy implementation costs of around CHF 20 million</p>	<p>Confirmation of target margin from 5.25% to 5.75%</p>
Revenue		<p>Grow profitably and in all our markets to gain market share</p>

¹ excl. IFRS 16

Dates and Contacts

2019 Annual Report

25 February 2020

Annual General Meeting

24 March 2020

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