

PRESS RELEASE

Implenia: successful half-year result significantly exceeds previous year's – Development, Switzerland and Infrastructure Segments perform well | Successful order acquisition underlines strong market position | 2017 EBIT target confirmed | Third Sustainability Report published

Dietlikon, 23 August 2016 – **Implenia presents a successful first half of 2016 with a clear improvement on year-back results. Business in Switzerland (Development and Switzerland Segments) and the domestic and international infrastructure business (Infrastructure Segment) recorded good performances. Regional business outside Switzerland (International Segment) remained subdued. Lively order acquisition underlines Implenia's strong market position in Switzerland and in Europe. During the first half, Implenia continued to invest in its future – in industrial construction, innovative technologies and operational excellence. In the third edition of its Sustainability Report, the Group provides information about the objectives it has set, the measures taken, and the progress achieved. Given the improvements it has made and its full order books, the Group is confident about the results for the year as a whole. Implenia expects the 2016 full year result to be a clear improvement on the prior year's on both a reported and a comparable basis. Implenia is sticking to its 2017 EBIT target of CHF 140 to 150 million.**

With a 3.3% improvement in revenue to CHF 1,565 million (2015: CHF 1,515 million) and excluding amortisation costs for the intangible assets acquired along with Bilfinger Construction (PPA), business unit EBIT came to CHF 33.3 million in the first half of 2016. This is 39.0%, or CHF 9.3 million, higher than for the equivalent period of the previous year. Including PPA, business unit EBIT stood at CHF 28.0 million, compared with CHF 15.4 million in the previous year (+81.5%). Operating income including PPA came to CHF 19.5 million (first half of 2015: CHF 13.9 million).

Cash flow improved by almost CHF 50 million from CHF -194.8 million to CHF -145.6 million, though it should be noted that the acquisition of Bilfinger Construction had a CHF 86.0 million impact in the previous year. The financial result was lower than in the first half of 2015 because one-time foreign currency gains of CHF 3.5 million from the Bilfinger Construction acquisition no longer applied.

Consolidated profit was 14.4% higher than a year earlier at CHF 9.2 million (2015: CHF 8.0 million). Currency effects were insignificant in the reporting period.

Order books grew very healthily. The order backlog at the end of June 2016 was 23.4% higher than a year previously at CHF 5,203 million (2015: CHF 4,215 million).

Excellent performance by the Development Segment

The Development Segment, which includes the Group's property development activities, achieved an EBIT of CHF 20.9 million in the first six months of 2016 (+39.4%). The significantly better half-year result can be explained by the fact that major property sales planned for 2016 in the Zurich and Lake Geneva regions were completed ahead of schedule in the first half of the year. The performance for 2016 as a whole is likely to match the excellent level seen in 2015. A full pipeline of development projects will ensure a healthy earnings situation going forward.

Significant increase in earnings at Switzerland Segment

The Switzerland Segment, which includes Implenias services relating to Modernisation, Buildings (General and Total Contracting, Building Construction), as well as Roads and Civil Works in the German-speaking and French-speaking parts of Switzerland (incl. production facilities), also performed very well in the first half of 2016. With revenues almost unchanged, EBIT went up by CHF 8.6 million to CHF 2.6 million (+142.5%) compared with the same period of the previous year. The marked improvement in the segment's results shows that the measures taken at Buildings in recent years are having an effect. Swiss regional business, which tends to be weaker in the first half of the year owing to seasonal factors, continued the good work seen in 2015. The wet weather in May/June caused some slight delays, but these should be made up in the second half of the year. Further strategic progress was made in the expansion of the Modernisation business, with the extension of market coverage to Western Switzerland and the continued expansion of capabilities. Lively acquisition activity was reflected in the improved quality of the order book, which also grew in size by around CHF 300 million to CHF 2,735 million at mid-2016 (2015: CHF 2,417 million).

International and domestic infrastructure business (Infrastructure Segment) beats expectations

The Infrastructure Segment, which concentrates on Tunnelling and Foundation Engineering in Europe, achieved EBIT of CHF 7.6 million (excl. PPA) in the first half of 2016, which is less than a year previously (2015: CHF 9.4 million), but better than expected. This was thanks to the positive performance of Foundation Engineering in Switzerland and in Germany, and the good work done at current tunnel construction sites. One highlight of the period under review was the official opening of the historic Gotthard base tunnel on 1 June 2016 after 17 years of construction work. Together with its consortium partners, Implenias, among other things, built three of the five main sections of the 57 kilometre railway tunnel – the longest in the world. The Infrastructure Segment is well positioned in the home markets of Switzerland, Austria and Norway, and has also now started

major infrastructure projects in Germany (the Albvorland Tunnel) and Sweden (the Johannelund Tunnel near Stockholm). Overall, the order book increased in value by more than CHF 550 million compared with the equivalent period of the previous year to reach CHF 1,539 million. This excellent figure underlines the segment's positive prospects.

International Segment still subdued

In the first half of 2016, the International Segment, with its regional businesses in Germany, Austria, Norway and Sweden, generated EBIT (excl. PPA) of CHF 2.2 million. It was therefore unable to match the previous year's result (2015: CHF 5.6 million). While business in Sweden is generally on track, the first-half performance in Norway fell short of expectations. This is due to the increased costs incurred to build up structures, more or less static volumes, and the lower margins on the Norwegian project portfolio taken over as part of the Bilfinger acquisition. This led to one-off valuation corrections of more than CHF 6 million, which were booked to the Miscellaneous/Holding Segment. Regional business in Germany and Austria was still subdued and, as expected, its performance was down on the prior year's. Meanwhile, the gravel plants in Mali and in Ivory Coast reported an excellent performance. At the end of June 2016, the International Segment's order book came to CHF 926 million (2015: CHF 805 million).

Investing in the future, third sustainability report published

In its tenth year of operations, Implenía continued to invest in its future – in industrial construction expertise, innovative technologies and operational excellence. Its strategic partnership with ETH Zurich, launched during the period under review, has to be seen in this context. The company is supporting an assistant professorship for innovative industrial construction, as well as working to intensify knowledge transfer between academic research and business.

Implenia's third Sustainability Report, published today, meets the latest guidelines of the Global Reporting Initiative (GRI), and was informed by the views of external stakeholders. The new report once again provides information about Implenía's objectives, the measures it has taken and the progress it has made in five priority areas. It covers the 2014/2015 period and is available exclusively [online](#) (available in German; English and French online-versions will follow by mid-September 2016).

Management

Petter Vistnes, Member of the Group Executive Board, has unfortunately had to take sick leave. We wish him a speedy recovery and hope very much that he can return to work soon. The unit is currently being led by an interim head. We are working hard on strengthening the management structure in Norway and Sweden, and are confident that we will be able to communicate the details within the next month.

Outlook: Implenía on track

Implenia believes that the good performance will continue in the second half of the year. It expects the 2016 full year result to be a clear improvement on the prior year's on both a reported and a comparable basis. Full order books justify this confidence. Owing to the healthy order situation and the improvements achieved, Implenía is sticking to its 2017 EBIT target of CHF 140 to 150 million.

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Half-Year Report 2016

The 2016 Half-Year Report can be downloaded from the following link:

<http://www.implenia.com/en/investoren/publikationen/finanzpublikationen/2016.html>

Analysts' and media conference on the 2016 first-half results

Presentation for Analysts (8.45 to 10.00 a.m.) and journalists (10.30 to 11.30 a.m.) in the Fabrikkirche ([Fabrikbistro in Halle 1019](#)) of the Sulzerareal in Winterthur (Robert Sulzer-Strasse, 8401 Winterthur)

Investors' diary

23 February 2017: Media and analysts' conference on the 2016 full-year results

22 March 2017: 2017 Annual General Meeting

Implenia, Switzerland's leading construction and construction services company, also has a strong position in the German, Austrian and Scandinavian infrastructure markets. Established in 2006, Implenia can look back on around 150 years of construction tradition. It brings the expertise of its highly skilled sectoral and regional 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, currently employs more than 8,000 people around Europe and posted revenue of around CHF 3.3 billion in 2015. The company is listed on the SIX Swiss Exchange (IMPN, CH0023868554). More information can be found at www.implenia.com.

Consolidated key figures

	1.1.-30.6.2016 CHF 1,000	1.1.-30.06.2015 CHF 1,000	Δ	Δ like for like ³
Consolidated revenue	1,564,604	1,514,570	3.3%	3.0%
EBIT Business Units excl. PPA ¹	33,280	23,949	39.0%	38.3%
<i>in % of revenue</i>	<i>2.1%</i>	<i>1.6%</i>		
EBIT Business Units	27,959	15,408	81.5%	81.6%
<i>in % of revenue</i>	<i>1.8%</i>	<i>1.0%</i>		
Miscellaneous/Holding	(8,480)	(1,561)	(443.2%)	(443.2%)
Operating income	19,479	13,847	40.7%	40.9%
<i>in % of revenue</i>	<i>1.2%</i>	<i>0.9%</i>		
Consolidated profit	9,154	8,003	14.4%	14.7%
<i>in % of revenue</i>	<i>0.6%</i>	<i>0.5%</i>		
EBITDA	53,810	50,414	6.7%	5.9%
<i>in % of revenue</i>	<i>3.4%</i>	<i>3.3%</i>		
Free cash flow	(145,594)	(194,780)	25.3%	25.5%
Cash and cash equivalents (as at 30.06.)	616,464	670,258	(8.0%)	(8.3%)
Financial liabilities (as at 30.06.)	414,708	487,184	(14.9%)	(14.9%)
Net cash position (as at 30.06.)	201,756	183,074	10.2%	9.0%
Invested capital (as at 30.06.)²	427,150	432,247	(1.2%)	(2.5%)
Equity (as at 30.06.)	598,106	556,654	7.4%	7.6%
<i>Equity ratio in %²</i>	<i>22.9%</i>	<i>20.8%</i>		
Order book (as at 30.06.)	5,202,735	4,215,246	23.4%	22.1%
Production output	1,588,508	1,579,931	0.5%	0.2%
Headcount (FTE; as at 30.06.)	8,179	7,827	4.5%	

¹ Excluding PPA from Bilfinger Construction

² The comparative information has been adjusted, see Half-Year Report 2016, page 38, note 3

³ Foreign currency adjusted

Key figures segments

Development

	1.1.-30.6.2016 CHF 1,000	1.1.-30.06.2015 CHF 1,000	Δ
EBIT	20,907	15,002	39.4%
Headcount (FTE; as at 30.06.)	49	54	(9.3%)

Switzerland

	1.1.-30.6.2016 CHF 1,000	1.1.-30.06.2015 CHF 1,000	Δ
Revenue	1,087,134	1,095,792	(0.8%)
EBIT	2,581	(6,067)	(142.5%)
<i>in % of revenue</i>	<i>0.2%</i>	<i>(0.6%)</i>	
Order book (as at 30.06.)	2,735,359	2,416,572	13.2%
Production output	1,097,801	1,129,237	(2.8%)
Headcount (FTE; as at 30.06.)	3,932	3,953	(0.5%)

Infrastructure

	1.1.-30.6.2016 CHF 1,000	1.1.-30.06.2015 CHF 1,000	Δ
Revenue	260,577	183,605	41.9%
EBIT excl. PPA ¹	7,602	9,395	(19.1%)
<i>in % of revenue</i>	<i>2.9%</i>	<i>5.1%</i>	
EBIT	4,879	5,670	(14.0%)
<i>in % of revenue</i>	<i>1.9%</i>	<i>3.1%</i>	
Order book (as at 30.06.)	1,538,973	988,915	55.6%
Production output	277,220	217,125	27.7%
Headcount (FTE; as at 30.06.)	1,015	969	4.7%

¹ Excluding PPA from Bilfinger Construction

International

	1.1.-30.6.2016 CHF 1,000	1.1.-30.06.2015 CHF 1,000	Δ
Revenue	316,151	300,175	5.3%
EBIT excl. PPA ¹	2,190	5,619	(61.0%)
<i>in % of revenue</i>	<i>0.7%</i>	<i>1.9%</i>	
EBIT	(408)	803	(150.8%)
<i>in % of revenue</i>	<i>(0.1%)</i>	<i>0.3%</i>	
Order book (as at 30.06.)	925,555	804,539	15.0%
Production output	312,745	307,284	1.8%
Headcount (FTE; as at 30.06.)	1,940	1,799	7.8%

¹ Excluding PPA from Bilfinger Construction