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PRESS RELEASE

Challenging start to first half of 2017 for Implenia – Group as a whole on target | Focus on integration of Bilfinger Hochbau and investments in the future | Adjustments hamper interim results | Home markets in good shape | Medium-term targets confirmed

Dietlikon, 24 August 2017 – **Implenia continued to invest in the future during the first six months of 2017, with the integration of Bilfinger Hochbau playing a central role. The Group also continued to work hard in other areas, investing substantial resources in digitalisation, Building Information Modelling (BIM) and Operational Excellence. Implenia's results for the first half of 2017 are negatively impacted by adjustments to the project portfolio in Norway, and to claims related to the ongoing court cases on the Letzigrund Stadium case. Implenia has also accelerated the optimisation measures initiated in Swiss regional business. The steps needed to strengthen operational performance in Norway have been taken. The other Business Units are on track and have posted good to very good results for the first six months. The home markets continue to offer significant growth opportunities, while order books are at a record level. Implenia is therefore confident about the months ahead, and beyond. The medium-term targets are confirmed.**

Implenia has reported revenue of CHF 1,692 million for the first half of 2017, up from the CHF 1,565 million posted for the equivalent period of last year. At the EBITDA level, Implenia generated income of CHF 34.5 million, compared with CHF 53.8 million in the previous year. If amortisation costs for the intangible assets acquired through the takeover of Bilfinger Construction and Bilfinger Hochbau (PPA) are excluded, EBIT Business Units came to CHF 0.1 million (previous year restated: CHF 31.5 million). Operating income (including PPA) was CHF -9.6 million (previous year: CHF 19.5 million). Below the line, consolidated profit stood at CHF -11.9 million (previous year: CHF 9.2 million). Excluding the financial adjustments, consolidated profit was CHF 15.8 million.

Free cash flow before acquisitions improved significantly during the period under review thanks to improved management of net working capital, rising CHF 77.0 million from CHF -143.5 million to CHF -66.5 million. On this basis, a much higher free cash flow can be expected for the 2017 financial year as a whole. The Group's underlying operating performance remains positive. The home markets offer great scope for growth, and Implenia is well positioned to exploit future opportunities. Once again, order books saw very healthy growth:

the order backlog as at end-June 2017 stood at CHF 6,077 million, significantly higher than the year-back figure of CHF 5,203 million.

Consolidation effects from the acquisition of Bilfinger Hochbau contributed CHF 152 million to revenue and CHF 535 million to the order backlog.

Development Segment matches record results

The Development Segment, which covers the Group's activities in real estate project development, reported EBIT of CHF 20.4 million for the first half of 2017, compared with CHF 20.9 million in 2016. This repetition of the previous year's record level confirms that market conditions remain positive, especially in the growth regions of Zurich and the Arc Lémanique (Lake Geneva). A full project pipeline provides the basis for further positive development.

Buildings impresses with another improvement in results for the Switzerland Segment

Within the Switzerland Segment, which brings together Implenia's Buildings, Modernisation, Road Construction and Civil Works services, the Group generated revenue of CHF 1,062 million, compared with CHF 1,087 million a year previously. Business Unit Buildings did very well again, with another improvement in operating income. Its EBIT margin came to around 2.5 percent, thus meeting the long-term target. The good result is proof of a sustained turnaround in the Group's GC/TC business. Swiss regional business, which is always weaker in the first half of the year due to seasonal factors, had to cope with structural challenges. Steps were taken to improve operational performance in the spring, with a change of management and the merger of German-speaking and French-speaking Switzerland's Road Construction and Civil Works. The Business Unit simplified management structures and made adjustments to regional capacities. Personnel structures were strengthened in the Modernisation business in Western Switzerland. Results were impacted by the Letzigrund case, which dates back over 10 years. In response to the latest developments, the Board of Directors and Management decided – despite the ongoing court cases – to reduce the financial uncertainty by making a significant balance sheet adjustment. The total cost of adjustments in the Switzerland Segment came to around CHF 20 million. This resulted in a negative EBIT of CHF -15.6 million, following a profit of CHF 2.6 million in the previous year. As at 30 June, order books remained very full at CHF 2,941 million (previous year: CHF 2,735 million).

Infrastructure posts good result

At CHF 7.8 million, the Infrastructure Segment's EBIT (excluding PPA) is at the same level as the first half of 2016 (previous year: CHF 7.6 million), which is within the expected range. The healthy progress overall at ongoing tunnel construction sites contributed to this result. Volumes were slightly lower than a year previously at CHF 257.0 million (CHF 260.6 million), so the EBIT figure provides clear evidence of an improvement in the quality of earnings. External delays at major projects in Germany and Sweden temporarily slowed down the positive overall momentum, but across the full course of the projects these interruptions will have barely any effect on results. At end-June 2017, order books were worth a total of CHF 1,454 million (previous year CHF 1,539 million). The markets in which the segment works are in good shape, justifying the confident outlook for infrastructure business.

International Segment, apart from Norway, much better than in previous year

The International Segment, which includes the regional businesses in Germany, Austria, Norway and Sweden, as well as the strengthened building construction capability in Germany, increased revenues by around 60% compared with the previous year to CHF 541.1 million. At the EBIT level (excluding PPA) income came to CHF -12.5 million. The segment more or less broke even in the first half of 2016 (previous year restated: CHF 0.4 million). Its performance was significantly better than last year, especially in Germany and Sweden, but the adjustments in Norway led to a disappointing segment result overall. In the spring, the CEO of Implenia Norge, Stig Ingar Evje, failed to return from a hike and has been missing ever since. This incident caused great consternation and uncertainty in the organisation. The strong momentum seen at the start of the year in Norway ground to a halt, the improvements starting to show in various projects could not be realised as planned, and the ongoing business performance failed to meet expectations. A CHF 15 million revaluation of the project portfolio was undertaken as a result. Tone Bachke, formerly CFO Implenia Norge and Head of Corporate Center Scandinavia, temporarily took over leadership of the organisation. She is now assuming this role on a definitive basis and has been formally appointed as the new CEO of Implenia Norge.
At the end of June 2017, the International Segment's order book came to CHF 1,683 million, up from the previous year's CHF 928 million. Implenia is optimistic about the segment going forward. The markets in Germany and Norway are robust and offer great growth potential; the markets in Sweden and Austria are also sound. Together with the significantly strengthened building construction activities in Germany, the segment will make an important EBIT contribution to the Group's operating income in the second half of the year.

Medium-term targets confirmed

For this year as a whole, Implenia expects to see EBIT Business Units of just under CHF 100 million. With record high order books, healthy home markets and the ongoing strategic initiatives, management remains confident

about the future. The Group's potential will already show through much more in the second half of the year. Implenia is sticking to its medium-term targets: top-line volume of around CHF 5 billion and an EBITDA margin of between 5.25 and 5.75 percent.

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2017 Half-Year Report

The 2017 Half-Year Report can be downloaded from the following link.

Analysts and media conference on the 2017 first-half results

Presentations for analysts (8.30 to 9.30 a.m.), and to journalists (11 a.m. to 12 noon) at Implenia's Dietlikon head office: Industriestrasse 24, 8305 Dietlikon

Investors' diary

1 March 2018:	Media and analysts' conference on the 2017 full-year results
27 March 2018:	2018 Annual General Meeting of Shareholders

Implenia is Switzerland's leading construction and construction services company. It also has strong positions 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.

At the end of 2016, Implenia, with its headquarters in Dietlikon near Zurich, employs more than 9,300 people around Europe, and posted revenue of around CHF 3.3 billion. 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.-30.6.2017 CHF 1,000	1.1.-30.6.2016[1] CHF 1,000	Δ	Δ like for like[2]
Consolidated revenue	**1,692,020**	1,564,604	8.1%	8.7%
EBIT Business Units excl. PPA	121	31,501	(99.6%)	(99.5%)
in % of revenue	*0.0%*	*2.0%*		
EBIT Business Units	**(10,410)**	25,887	(140.2%)	(140.8%)
in % of revenue	*(0.6%)*	*1.7%*		
Miscellaneous/Holding	801	(6,408)	112.5%	112.5%
Operating income	**(9,609)**	19,479	(149.3%)	(150.2%)
in % of revenue	*(0.6%)*	*1.2%*		
Consolidated profit	**(11,899)**	9,154	(230.0%)	(231.8%)
in % of revenue	*(0.7%)*	*0.6%*		
EBITDA	**34,476**	53,810	(35.9%)	(35.5%)
in % of revenue	*2.0%*	*3.4%*		
Free cash flow	**(52,859)**	(145,594)	63.7%	64.5%
Cash and cash equivalents (as at 30.6.)	759,655	616,464	23.2%	23.2%
Financial liabilities (as at 30.6.)	483,111	414,708	16.5%	16.5%
Net cash position (as at 30.6.)	**276,544**	201,756	37.1%	37.0%
Invested capital (as at 30.6.)	**344,039**	427,150	(19.5%)	(19.2%)
Equity (as at 30.6.)	**606,560**	598,106	1.4%	1.6%
Equity ratio in %	*22.2%*	*22.9%*		
Order book (as at 30.6.)	6,077,418	5,202,735	16.8%	16.8%
Production output	1,756,389	1,588,508	10.6%	11.2%
Headcount (FTE; as at 30.6.)	9,324	8,179	14.0%	

[1] Restated, see Half-Year Report 2017, page 46, note 5

[2] Foreign currency adjusted

Key figures segments

Development

	1.1.-30.6.2017 CHF 1,000	1.1.-30.6.2016 CHF 1,000	Δ
EBIT	**20,367**	20,907	(2.6%)
Headcount (FTE; as at 30.6.)	61	49	24.5%

Switzerland

	1.1.-30.6.2017 CHF 1,000	1.1.-30.6.2016 CHF 1,000	Δ
Revenue	**1,062,322**	1,087,134	(2.3%)
EBIT	**(15,568)**	2,581	(703.2%)
in % of revenue	*(1.5%)*	*0.2%*	
Order book (as at 30.6.)	2,941,308	2,735,359	7.5%
Production output	1,088,564	1,097,801	(0.8%)
Headcount (FTE; as at 30.6.)	3,824	3,932	(2.7%)

Infrastructure

	1.1.-30.6.2017 CHF 1,000	1.1.-30.6.2016 CHF 1,000	Δ
Revenue	**256,965**	260,577	(1.4%)
EBIT excl. PPA	7,785	7,602	2.4%
in % of revenue	*3.0%*	*2.9%*	
EBIT	**5,502**	4,879	12.8%
in % of revenue	*2.1%*	*1.9%*	
Order book (as at 30.6.)	1,453,549	1,538,973	(5.6%)
Production output	273,210	277,220	(1.4%)
Headcount (FTE; as at 30.6.)	1,024	1,015	0.9%

International

	1.1.-30.6.2017 CHF 1,000	1.1.-30.6.2016[1] CHF 1,000	Δ
Revenue	**541,123**	336,350	60.9%
EBIT excl. PPA	(12,463)	411	(3132.4%)
in % of revenue	*(2.3%)*	*0.1%*	
EBIT	**(20,711)**	(2,480)	(735.1%)
in % of revenue	*(3.8%)*	*(0.7%)*	
Order book (as at 30.6.)	1,682,561	928,403	81.2%
Production output	563,005	332,944	69.1%
Headcount (FTE; as at 30.6.)	3,253	2,164	50.3%

[1] Restated, see Half-Year Report 2017, page 46, note 5