PRESS RELEASE

- **Implenia reports EBITDA for the first half of 2019 of CHF 72.9 million**
- **Implenia confirms earnings expectations for transitional year 2019, as well as medium-term target margin for EBITDA**
- **All divisions contribute to positive result; Development and Buildings in particular achieve very good results**
- **Corrective actions are working; despite a good underlying performance, Civil Engineering and Specialties are, as expected, still subject to negative influences**
- **New organisational structure is proving effective and – thanks to clear roles and responsibilities – is enabling rapid implementation of the strategic initiatives**

Dietlikon, 20 August 2019

Implenia Group's results for the first half of 2019 confirm expectations. Overall, the divisions put in a good underlying performance. Divisions Development and Buildings are producing convincing results, with high quality development projects and volume of contracts. In Divisions Civil Engineering and Specialties, the measures announced along with the adjusted earnings expectations at the end of 2018 for projects in Norway and Poland are having the desired effect. However, as acknowledged in the outlook for the current financial year, these ongoing projects have no contribution margin, and so are weighing on the overall margin of these divisions. The corrected projects in South Baden – reported under the Division Buildings – were completed at the end of 2018. Implenia has not identified any further unexpected need for corrections.

Implenia is on course with the implementation of the new strategy, which is already progressing very well. The new organisation has successfully established itself within a short period of time and is having its impact. The divisions are taking ownership of their transnational tasks and taking responsibility for their results. The new Value Assurance initiative has been launched as being part of the strategic priority of "profitable growth", and initial projects are already being managed using this process. The "Procurement Excellence" initiative has produced quick wins in purchasing; medium and long-term measures are also being developed.

Implenia continues to operate in attractive markets. Its order book remains high despite its more disciplined approach to project selection. Consequently, Implenia is therefore confirming its EBITDA target for the transition year of 2019: more than CHF 150 million (excl. IFRS 16) before approximately CHF 20 million of strategy implementation costs. Implenia is also confirming its medium-term EBITDA target margin of 5.25% to 5.75% (excl. IFRS 16).

Implenia generated revenue of CHF 2,184 million in the first half of 2019 (prior year CHF 2,124 million), an increase of 2.8%. This growth is due mainly to the successful internationalisation of the Civil Engineering business. Implenia's EBITDA for the first half of 2019 was CHF 72.9 (excl. IFRS 16: CHF 41.4 million). At CHF 11.4 million, the Group's operating income (excl. PPA) was, as expected, below the previous year's figure (CHF 27.2 million). Two-thirds of this decline can be attributed to the effects of the corrections made at the end of 2018, and one third to the implementation of the new strategy. So far the implementation of the new strategy has cost overall around CHF 10 million, mainly in the initiatives of Value Assurance and Procurement Excellence initiatives, the ERP transformation project INSPIRE and the implementation of the new organisation. Overall, the Group achieved consolidated profit of CHF 0.5 million (prior year: CHF 8.9 million).

Free cash flow was affected by seasonal factors and stands at CHF -167.5 million (excluding IFRS 16: CHF -196.9, prior year: -138.9 million). This is due to greater investment in machinery, investments in Division Development's portfolio and more timely payments to creditors. Delays in large incoming payments from major projects also played a role here. The Group's overall operational performance remains positive: despite more selective project selection the order book remains high at CHF 6,369 million (previous year: CHF 6,234 million).

Division Development – strong result and healthy outlook

Division Development achieved a strong result for the first six months. Major sales of real estate projects, including "KIM inno-living" in Winterthur, helped push the division's EBITDA for the first half year up to CHF 27.4 million (excl. IFRS 16: CHF 27.1 million, prior year: CHF 23.0 million). Investments in the division's portfolio also increased by CHF 13.5 million to CHF 198.8 million (31.12.2018: CHF 185.3 million). Activities are still concentrated mainly on the growth regions of Greater Zurich and Lake Geneva (the "Arc Lémanique"). The combination of the project portfolio, the quality of current projects and the great market demand in investment property offers good conditions for further growth, as newly done in Germany for example.

Division Buildings – Order quality improves

Division Buildings also achieved a strong result in the first six months. Volume in Switzerland and Austria was slightly higher than in the year before. In Germany, volume was slightly down on the previous year's figure owing mainly to shortages of certain trades. After the previous year's significant revenue growth, the division focused its project selection on large complex projects in line with strategy. This more selective acquisition policy reduced the volume of orders to CHF 2,771 million (previous year: CHF 3,333 million), but improved their quality. Although revenue was down slightly at CHF 1,103 million (previous year: CHF 1,119 million), EBITDA remained stable at

CHF 21.3 million (excl. IFRS 16: CHF 16.6 million). Division Buildings is well positioned in Switzerland, Germany and Austria to exploit market opportunities as created by increasing urbanisation.

Division Civil Engineering – making use of market opportunities internationally

Large-scale tunnel construction and special foundations projects fuelled a significant 7.7% increase in revenue to CHF 1,118 million in Division Civil Engineering. Earnings from the underlying business performed well. EBITDA came to CHF 18.5 million (excl. IFRS 16: CHF -4.5 million, previous year CHF 5.3 million).

As acknowledged in the outlook for the current financial year, the corrections in Norway announced at the end of 2018 had the following negative effects on results: Firstly, the continuing projects have no contribution margin. And secondly, this means they are pulling down the overall margin generated by the division's good underlying performance. The positive aspect is that the corrective measures taken in Norway are having an impact, and that there were no other unexpected corrections. In addition, the quality of orders has been improved by the risk and control processes for new projects.

Promising project acquisitions (such as a third section of the Grand Paris Express and a new railway line and station in the Norwegian town of Moss) and high capacity utilisation show that Division Civil Engineering has positioned itself well: it will be able to make efficient use of the future market opportunities produced by the megatrends of mobility and investment in infrastructure.

Division Specialties – niche services and innovative power

Division Specialties generated revenue of CHF 119.6 million in the first half of the year, a reduction of 14.2%. EBITDA fell to CHF 6.5 million (excluding IFRS 16: CHF 6.3 million, previous year: CHF 11.6 million) and at CHF 143.6 million the order book is also 11.6% down on the previous year’s figure. As acknowledged in the outlook for the current financial year, the ongoing projects in Poland that were corrected at the end of 2018 are not contributing to earnings. The division’s performance was also negatively impacted in the first half of 2019 by delays in wind energy projects that led to lower revenue at subsidiary BBV. Meanwhile, however, there was a lot of successful acquisition activity by, for example, Wood Construction.

Much of the business strategy in this division has been reviewed in recent months; the process will be completed by the end of the year. The aim is to exploit the fundamental changes occurring in the construction industry and to accelerate Implenia’s ability to innovate. In order to create sustainable value, existing, profitable services are being scaled up, while the Group may withdraw from activities for which it is not the right owner. Anita Eckardt, the new

Head Division Specialties, starts work in September. She and her team will continue to shape the future of the division.

Rigorous implementation of the new strategy

Implementation of the new strategy is proceeding according to plan, guided by the four announced priorities: "portfolio", "profitable growth", "innovation" and "talent & organisation".

A significantly more comprehensive Value Assurance approach (formerly Risk Management) has already been used on some initial projects and is currently being rolled out to all larger projects. Risk management and control are being improved as a result. Decision-making within the new system is supported by data-based tools. Value Assurance is used right from the start when choosing which contracts to bid for. This choice is now focused more selectively on opportunities and risks with regard to each project's potential contribution to earnings, and the Value Assurance approach continues right through to the end of the guarantee period. Ultimately by classifying all projects using multiple, risk-based criteria, clearly defined milestones and decision-making bodies, Implenia will make better decisions when it comes to approving and monitoring its projects. The new Value Assurance approach is gradually being extended to all projects.

The "Procurement Excellence" programme is also producing its first successes. Supplier summits and intensive discussions with the most important suppliers and subcontractors have been held to optimise current collaboration and sketch out common ideas for future partnerships. In addition to this, clear procurement strategies for important product groups ensure that Implenia can make greater use of the opportunities created by bundling and / or by international purchasing.

Lean Construction also remains a key driver of profitable growth. Thanks to various successful pilot projects, Implenia has continued to develop Lean Standards and has gathered them together in a Toolbox. The Toolbox is a modular system with elements that facilitate a smooth, efficient and effective organisation as well as improved collaboration between project participants and on construction sites.

At the same time, Implenia is working on the harmonisation and digitalization of its processes: the ERP transformation project INSPIRE, which covers core processes and key system interfaces, is proceeding according to plan. Building Information Modeling (BIM) is gradually being standardised to make it easier to replicate the methodology. The main focus is currently on offer-phase use cases; some pilot projects in the execution phase are also being prioritised.

The new organisational structure has been introduced quickly and effectively. It is based on four divisions (Development, Buildings, Civil Engineering, Specialties), global functions (Finance, HR, Legal, Strategy, Group IT, Marketing/Communications), the "Project Excellence & Services" Competence Center, and the country presidents. As well as facilitating rapid implementation of our strategic initiatives, the simplicity and consistency of this structure creates clear roles and responsibilities. Additionally, it is embedding a system of multiple assessors for the selection, approval and monitoring of projects. The new organisational structure also encourages entrepreneurship in the divisions, reinforces group-wide excellence in the disciplines managed by global functions and – thanks to the country organisations – helps strengthen local relationships with customers and other stakeholders.

Good progress was also made on other strategic priorities and themes: A cross-divisional core team is currently building the new Implenia Innovation Hub within Division Specialties, which will be launched in September to provide a digital platform for intrapreneurship. Accessible to all employees, it serves as a catalyst for ideas and will facilitate new business and business models by targeting finance on prioritised ideas. Implenia wants to remain a leading force in sustainability. The environmental standard it has defined for its own development projects – which is based on the "Swiss Sustainable Construction Standard" – has been rolled out internally. With its health and safety concepts, high quality equipment and targeted training, Implenia continues to do a lot to inculcate a strong awareness for the safety of its employees as they go about their day-to-day work on construction sites. This has resulted in a significant reduction in the number of occupational accidents at Implenia in recent years.

Implenia confirms goals

Implenia's balance sheet is solid. As the free cash flow statement shows, there has been a reduction in cash and cash equivalents, though at CHF 704.7 million this remains high (31.12.2018: CHF 913.2 million). Total assets stand at CHF 2,953 million (excl. IFRS 16: CHF 2,822 million).

Owing to IFRS 16, the equity ratio is, as expected, temporarily below 20.0% at 19.3% at the half-year point (excl. IFRS 16: 20.2%), but remains at a comparable level (31.12.2018: 20.5%). The Group therefore continues to have a solid equity base by industry standards, and is confident about the next six months. This confidence is based on the reduction in PPA amortisation compared to the prior year, and on the forecast level of earnings. Implenia is unequivocally committed to maintaining its investment-grade rating.

Predictions relating to the size and development of the market remain positive. Activity in the civil engineering sector is predicted to be stronger than for buildings. Against this background, Implenia can look to the future with confidence. It is therefore confirming its EBITDA target for the 2019 transition year: over CHF 150 million (excluding IFRS 16) before approximately CHF 20 million of strategy implementation costs. Implenia is also confirming its medium-term EBITDA target margin of 5.25% to 5.75% (excluding IFRS 16).

Note to the Financial Report

Implenia has applied the new IFRS 16 leasing standard for the first time in this reporting period. IFRS 16 states that assets and liabilities arising from leasing contracts are to be recognised in the balance sheet. This recognition of leased items and lease liabilities results in higher total assets, EBITDA and free cash flow. The prior-year figures from a relatively strong first half year 2018 (before the corrections at the end of 2018) have not been adjusted.

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2019 Half-Year Report

You can download the 2019 Half-Year Report here.

Analysts and media conference on the 2019 first-half results

Presentations for analysts (9.15 to 10.15 a.m.), and journalists (10.30 to 11.30 a.m.) at the Andreasturm, Andreasstrasse 5, 8050 Zurich.

Audio webcast for analysts (English, 9.15 to 10.15 a.m.):*

https://swisscomstream.ch/implenia/20190820/analyst

Dial in to conference call, where you can also ask questions:

http://emea.directeventreg.com/registration/6482196

Audio webcast for media (Germany, 10.30 to 11.30 a.m.):*

https://swisscomstream.ch/implenia/20190820/media

Dial in to conference call, where you can also ask questions:

http://emea.directeventreg.com/registration/4769978

* We recommend that you register 10 minutes in advance to ensure you are ready punctually when the call starts.

Investors' diary

1 October 2019:	Capital Market Day 2019
25 February 2020:	Media and analysts' conference on the 2019 full-year results
24 March 2020:	2020 Annual General Meeting of Shareholders

Implenia is Switzerland's leading construction and construction services company. It also has strong positions in the German, French, Austrian, Swedish and Norwegian infrastructure markets, as well as significant building construction and civil engineering operations in Germany and Austria. Established in 2006, Implenia can look back on around 150 years of construction tradition. It brings the expertise of its highly skilled construction units together under the roof of a company active throughout Europe. With the broad offering of Implenia 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. Implenia, 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

	1.1.-30.6.2019 CHF 1,000	1.1.-30.6.2018 CHF 1,000	Δ	Δ like for like[1]
Consolidated revenue	**2,184,234**	2,123,724	2.8%	4.8%
EBITDA excl. IFRS 16	41,362	56,035	(26.2%)	(26.1%)
in % of revenue	*1.9%*	*2.6%*		
EBITDA	**72,947**	56,035		
in % of revenue	*3.3%*	*2.6%*		
EBIT Divisions excl. PPA	16,747	29,504	(43.2%)	(44.5%)
in % of revenue	*0.8%*	*1.4%*		
EBIT Divisions	**14,689**	20,396	(28.0%)	(30.2%)
in % of revenue	*0.7%*	*1.0%*		
Functions	(5,389)	(2,342)	(130.1%)	(138.8%)
Operating income excl. PPA	**11,358**	27,162	(58.2%)	(60.3%)
in % of revenue	*0.5%*	*1.3%*		
Operating income	**9,300**	18,054	(48.5%)	(52.1%)
in % of revenue	*0.4%*	*0.9%*		
Consolidated profit excl. PPA	1,984	15,303	(87.0%)	(91.5%)
in % of revenue	*0.1%*	*0.7%*		
Consolidated profit	**543**	8,927	(93.9%)	(102.2%)
in % of revenue	*0.0%*	*0.4%*		
Free cash flow excl. IFRS 16	(196,903)	(138,874)	(41.8%)	(43.5%)
Free cash flow	**(167,463)**	(138,874)		
Cash and cash equivalents (as at 30.6)	704,702	821,279	(14.2%)	(13.9%)
Financial liabilities (as at 30.6)	648,979	507,882	27.8%	28.2%
Net cash position excl. lease liabilities (as at 30.6.)	196,324	321,726	(39.0%)	(38.5%)
Net cash position (as at 30.6.)	**55,723**	313,397		
Invested capital excl. IFRS 16 (as at 30.6.)	389,794	302,838	28.7%	30.1%
Invested capital (as at 30.6.)	**529,508**	302,838		
Equity (as at 30.6.)	**570,823**	603,161	(5.4%)	(5.1%)
Equity ratio excl. IFRS 16 in%	*20.2%*	*21.0%*		
Equity ratio in %	*19.3%*	*21.0%*		
Order book (as at 30.6.)	6,369,346	6,233,980	2.2%	3.0%
Production output	2,204,722	2,146,506	2.7%	4.6%
Workforce (FTE; as at 30.6.)	10,130	9,873	2.6%	

[1] Foreign currency adjusted

Key figures divisions

Development

	1.1.-30.6.2019 CHF 1,000	1.1.-30.6.2018 CHF 1,000	Δ
EBITDA excl. IFRS 16	27,133	22,980	18.1%
EBITDA	**27,431**	22,980	
EBIT	**26,962**	22,670	18.9%
Workforce (FTE; as at 30.6.)	77	68	13.2%

Buildings

	1.1.-30.6.2019 CHF 1,000	1.1.-30.6.2018 CHF 1,000	Δ
Revenue	**1,102,552**	1,118,674	(1.4%)
EBITDA excl. IFRS 16	16,550	16,697	(0.9%)
in % of revenue	*1.5%*	*1.5%*	
EBITDA	**21,314**	16,697	
in % of revenue	*1.9%*	*1.5%*	
EBIT excl. PPA	15,912	15,591	2.1%
in % of revenue	*1.4%*	*1.4%*	
EBIT	**15,301**	9,359	63.5%
in % of revenue	*1.4%*	*0.8%*	
Order book (as at 30.6.)	2,770,979	3,332,637	(16.9%)
Production output	1,105,382	1,128,663	(2.1%)
Workforce (FTE; as at 30.6.)	2,107	2,227	(5.4%)

Civil Engineering

	1.1.-30.6.2019 CHF 1,000	1.1.-30.6.2018 CHF 1,000	Δ
Revenue	**1,117,736**	1,037,499	7.7%
EBITDA excl. IFRS 16	(4,521)	5,329	
in % of revenue	*(0.4%)*	*0.5%*	
EBITDA	**18,472**	5,329	
in % of revenue	*1.7%*	*0.5%*	
EBIT excl. PPA	(26,605)	(14,661)	(81.5%)
in % of revenue	*(2.4%)*	*(1.4%)*	
EBIT	**(28,052)**	(17,537)	(60.0%)
in % of revenue	*(2.5%)*	*(1.7%)*	
Order book (as at 30.6.)	3,454,774	2,738,943	26.1%
Production output	1,132,028	1,070,244	5.8%
Workforce (FTE; as at 30.6.)	5,198	4,895	6.2%

Specialties

	1.1.-30.6.2019 CHF 1,000	1.1.-30.6.2018 CHF 1,000	Δ
Revenue	**119,642**	139,493	(14.2%)
EBITDA excl. IFRS 16	6,296	11,570	(45.6%)
in % of revenue	*5.3%*	*8.3%*	
EBITDA	**6,481**	11,570	
in % of revenue	*5.4%*	*8.3%*	
EBIT	**478**	5,904	(91.9%)
in % of revenue	*0.4%*	*4.2%*	
Order book (as at 30.6.)	143,593	162,400	(11.6%)
Production output	123,008	140,900	(12.7%)
Workforce (FTE; as at 30.6.)	999	1,055	(5.3%)