



## PRESS RELEASE

1<sup>st</sup> Implenia Capital Market Day

### On Track to a Successful Implementation of the Strategy

- All four divisions contribute to and profit from an integrated business model
- New Real Estate Investment Vehicle to be launched leveraging real estate development platform
- Operational Excellence Program for future growth well advanced
- Implenia committed to delivering against its goals

**Dietlikon, October 1<sup>st</sup>, 2019** – Today, Implenia updates investors and analysts on the progress of the strategy implementation, recent developments in its four divisions, the activities of the Operational Excellence Program and on how the group will reach its ambitious objectives.

#### One Group – four Integrated Divisions

Implenia's new operating model is proving effective, thanks to clear roles and responsibilities and its transparency in segment reporting. Additionally, this new operating model enables a fast and impactful implementation of the group-wide strategic initiatives, such as the refined Value Assurance approach, Procurement Excellence and the ERP transformation program.

The new organisational structure has been implemented 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 organizations. The new structure enables cross-unit collaboration for complex projects, encourages entrepreneurship within the divisions, and – thanks to the country organisations – helps strengthening local relationships with customers and other stakeholders. Since Anita Eckardt joined September 1<sup>st</sup>, as Division Head of Specialties, the Implenia Executive Committee is complete and further relevant management positions have been filled.

#### Implenia will transform with its development division into a Leading Real Estate Company

All four divisions with full P&L-responsibility contribute to and profit from the integrated business model of the group. Operational, structural as well as financial synergies and benefits are evident:

- **Development:** Implenias integrated project development division is managing an attractive pipeline of projects creating space for living, offices and commercial activities, focussing on the metropolitan areas of Zurich and Geneva in Switzerland. Recently, the division has established a team in Germany. By expanding the existing value chain, the development division will transform into a real estate leader in selected markets. In the medium term, this allows Implenias also to generate recurring earnings instead of just selling ready-to-build project developments. A new investment vehicle containing attractive development projects of Implenias real estate portfolio will be created and opened to investors who will participate through the purchase of shares and capital increases. The investment vehicle will increase financial flexibility through debt and equity financing allowing to accelerate future growth and to leverage Implenias current development platform.

Structurally, Implenias will incorporate the vehicle as a real estate investment company, which will be managed by an Implenias Real Estate Services Unit within Implenias that will provide project, portfolio and real estate asset management services. Following the concept, about 25% of Implenias current real estate portfolio will be transferred into the new real estate investment company – with an estimated current market value of substantially above CHF 100 million. The Buildings, Civil Engineering and Specialties divisions will continue to offer their services to realize the real estate projects at market conditions (at arm's length). The new real estate company enables Implenias to sustainably grow the value of its real estate portfolio. Over time, Implenias will go into a minority ownership position in the new real estate company. Currently, the company will not be listed, but this remains an option once it has gained in size.

- **Buildings:** Implenias integrated construction services provider for all types of new buildings and refurbishments will strengthen its consulting and planning capabilities across the entire life-cycle of a property. Its project-specific services range from analysis through turnkey building delivery up to the modernization of existing properties. The Buildings division benefits from the attractive project pipeline of the Development division and also evaluates further growth in its existing markets.
- **Civil Engineering:** Implenias specialized capabilities in civil engineering, special foundations and tunnelling are internationally recognized. The division is a key player in the end-to-end management of large hybrid projects. The division currently evaluates various organic and inorganic growth options across geographies and the value chain (e.g. engineering). Profitable growth acceleration plans for some existing markets are being detailed while re-focusing in selected regions.
- **Specialties:** Implenias specialized services in construction offers for example construction site logistics, Tensioning Products/Systems, facade technology, energy control, wood construction, formwork and interior/dry

construction. Many of the division's business unit strategies have been reviewed in recent months. The process will be completed by the end of the year. The aim is to anticipate the fundamental changes occurring in the industry and to accelerate Implenía's ability to innovate – namely through Implenía's newly launched Innovation Hub. In order to create sustainable value, existing, profitable services are being scaled up, while Implenía may withdraw from less attractive activities for which it is not the right owner.

### **Group-wide Introduction of Operational Excellence**

To drive profitable future growth and as a key element of the strategy, Implenía is implementing various initiatives being part of a comprehensive Operational Excellence Program:

- **Value Assurance:** A refined and holistic framework of the former risk management is being implemented to improve project performance – concerning governance, standards and organization. Implenía categorizes projects into four classes based on risk factors. Decision-making and project steering is based on a multi-eye principle at pre-defined milestones for project selection, tender approval and execution – done in risk class based committees. Currently, Implenía has started Value Assurance for large projects and will continuously roll-out this program to all projects. In addition, Implenía will standardize reporting and reviews and enhance them by analytic tools shortly. Value Assurance is organized group-wide and will also establish specific capabilities in each of the divisions.
- **Procurement Excellence:** This initiative fosters closer partnerships with suppliers and subcontractors and continuously generates short-term and long-term savings. In multiple supplier summits and one-on-one negotiations with key suppliers and subcontractors, Implenía started the dialogue, identified saving levers and defined measures with immediate effect. This will continue and reach its full potential in the mid-term and long-term in optimizing our procurement strategies for top categories.
- **Lean Construction:** As lean methods and tools significantly impact cost, construction time and quality, Implenía standardized lean construction in a toolbox that is being rolled out and scaled in an increasing number of projects throughout the divisions. An internal Lean Academy will be enabling the adoption in projects. The pervasive roll-out in the units makes lean construction the new way we work in projects.
- **Digitalization:** The transformation to harmonize Implenía's ERP-systems for core and support processes is in its realization phase and successfully on track. It is fully aligned with the further deployment of Implenía's activities in BIM (Building Information Modelling), where Implenía will roll-out more use cases of BIM following

a group-wide strategy. This way, BIM will become a significant competitive advantage with model-based core processes and an enabled workforce.

## **Outlook**

Implenia's markets offer attractive opportunities mainly driven by megatrends such as urbanization and infrastructure investments. They will positively impact the demand in all the divisions and for cross-divisional collaboration in complex projects. Additionally, these megatrends contribute to a high construction activity in the markets targeted.

As announced in the half-year report, Implenia confirms 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 also confirms its medium-term EBITDA target margin of 5.25% to 5.75% (excl. IFRS 16).

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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](http://www.implenia.com).