



## PRESS RELEASE

- **Implenia meets expectations for EBITDA and delivers solid performance and free cash flow**
- **Strategy is being implemented successfully and operating model is effective**
- **Intended spin-off of a part of Implenia's development portfolio to create Ina Invest, a listed real estate company**
- **Implenia aims for mid-single-digit percentage EBITDA growth in 2020 before strategy implementation costs**
- **Proposed cash dividend for 2019: CHF 0.75 per share**

Dietlikon, 25 February 2020

**Implenia meets expectations for EBITDA and delivers solid performance and free cash flow. The multinational Swiss construction services provider achieved an EBITDA of CHF 186.8 million after strategy implementation costs of around CHF 20 million. The strategy is being implemented consistently and successfully and the operating model is effective.**

**In the second quarter of 2020 Implenia intends to transfer half of its attractive development portfolio at market value into Ina Invest. Implenia will remain a significant minority shareholder in Ina Invest, while Implenia shareholders will participate via Ina Invest shares in the newly founded real estate company to be listed on SIX Swiss Exchange. Implenia shareholders will vote on the intended spin-off at the AGM. Implenia proposes to the AGM to approve a dividend of CHF 0.75 per share for the financial year 2019. Implenia wants to secure sustainable profitable growth and aims to achieve mid-single-digit percentage EBITDA growth in 2020 before strategy implementation costs of CHF 10 million. Implenia confirms its mid-term target EBITDA margin of 6.25% to 6.75% (incl. IFRS 16).**

Implenia generated revenue of CHF 4,431 million in 2019 (2018: CHF 4,364 million), an increase of 1.5% (+3.6% excl. currency effects). As expected, the Group achieved an EBITDA of CHF 186.8 million (excl. IFRS 16: CHF 130.8 million; 2018: CHF 89.7 million). A total of around CHF 20 million was spent on strategy implementation activities. This spending was concentrated mainly on Value Assurance, the ERP transformation program INSPIRE, supplier consolidation and the implementation of the operating model. Group operating income (excl. PPA) was CHF 67.6 million (2018: CHF 31.0 million) and the consolidated profit CHF 33.9 million (2018: CHF 0.5 million). With CHF 6,158 million (2018: CHF 6,248 million) the order book is well diversified with increased quality.

Implenia managed to deliver solid operating cash flow and was able to fund all its investments from its own business activities. Incoming payments from key projects helped to improve operating cash flow to CHF 143.5 million (excl. IFRS 16: CHF 92.3 million; 2018: CHF 16.1 million). Free cash flow was CHF 84.9 million (excl. IFRS 16: CHF 33.5 million; 2018: CHF -52.6 million).

The balance sheet remains robust. Cash and cash equivalents of CHF 912.3 million (2018: CHF 913.2 million) were at previous year's level. Total assets at year end 2019 were at CHF 3,083 million (2018: CHF 2,861 million). The increase is primarily due to the first time adoption of IFRS 16. Equity increased over the year from CHF 585.2 million to CHF 590.5 million. As a result, the equity ratio is basically unchanged at 19.2% (incl. negative currency and pension plan effects). The Group has a solid equity base by industry standards and is confident about its future development. This confidence is fuelled by the completion of PPA amortisation, the expected positive contributions from the operating business and the intended Ina Invest transaction. Implenia is unequivocally committed to maintain its investment grade credit rating.

### **All Divisions with good operating results and positive trend**

Division Development sold the development project KIM inno-living and a large number of condominiums in the Zurich region contributing to a very good result. Development posted an EBITDA of CHF 44.5 million (2018: CHF 40.8 million). There were additional investments in the Division's portfolio at attractive locations of CHF 53.2 million. As a result, on 31 December 2019 the development portfolio (valued at historical cost) was worth CHF 189.5 million (2018: CHF 185.3 million).

Division Buildings achieved a good operating performance in 2019. Its EBITDA of CHF 51.5 million (excl. IFRS 16: CHF 42.8 million; 2018: CHF 33.3 million) is broadly based and underlines the Division's solid earnings power. All countries contributed to the positive result. At CHF 2,242 million (2018: CHF 2,261 million), Division Buildings also kept revenue at the prior year's level. After the significant sales growth of the previous year, the division focused on new contract models and on profitable growth. As a result, the order book was CHF 2,394 million (2018: CHF 2,952 million) with a promising pipeline.

Division Civil Engineering saw a continuation of the positive trend established in the first half year. Its EBITDA was CHF 77.2 million (excl. IFRS 16: CHF 40.9 million; 2018: CHF 2.0 million). There were several reasons for this significant improvement. Firstly, the legacy projects without contribution margins were completed. Secondly, the earnings situation at Special Foundations was very stable, and thirdly the major tunnel construction projects were making good progress. Revenue at Division Civil Engineering was at the same level as 2018 at CHF 2,300 million. The

Division acquired projects successfully in all three global business units, increasing its order book by around 15% to CHF 3,613 million (2018: CHF 3,145 million).

Division Specialties delivered a solid EBITDA of CHF 19.2 million (2018: CHF 20.1 million). The legacy projects in Poland were completed. Revenue decreased by 5.1% to CHF 242.0 million (2018: CHF 255.1 million) due to the downturn of the wind energy market in Germany. At CHF 150.3 million (2018: CHF 151.9 million), the order book volume was almost unchanged. Performances varied between the individual business units within the Division Specialties. After Implenía reviewed all individual strategies, the divisional portfolio will be aligned to anticipate change in the construction industry.

### **Implenia's strategy is being implemented successfully and the operating model is effective**

Over the last financial year, Implenía swiftly implemented its operating model, which involves a divisional organisation with clear P&L and B/S responsibility. In implementing its strategy, Implenía made significant progress on all its strategic initiatives.

The portfolio is being optimised along the value chain and geographically. In terms of profitable growth, a comprehensive Value Assurance approach was rolled out for projects across the Group. This is already having a positive impact on the quality of the order book. Further strategic initiatives, including BIM and Lean Construction, the ERP transformation program INSPIRE, supplier consolidation, sustainability as well as talent & organization are on track. Finally, the Implenía Innovation Hub launched in September uses a structured process to generate ideas by employees from all business units and countries to develop new business opportunities.

### **Intended spin-off of a part of Implenía's development portfolio to create Ina Invest, a listed real estate company**

According to an indicative third-party valuation, Implenía's attractive development portfolio with projects at top locations across Switzerland has a current market value of more than CHF 600 million, respectively over CHF 3 billion at completion. Implenía intends to transfer half of its portfolio, with a current market value of approx. CHF 300 million, to a newly founded company called Ina Invest Ltd. in the second quarter of 2020. By crystallizing the value of the transferred development portfolio, there will be expected gross revaluation gains of approx. CHF 200 million for Implenía.

The other half of Implenía's development portfolio will remain at Implenía and contains potential future gross revaluation gains of approx. CHF 200 million<sup>1</sup>. Both portfolios of Ina Invest Ltd. and of Implenía will be further expanded through acquisitions.

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<sup>1</sup> Based on current market expectations

Implenia Ltd. will participate in Ina Invest Ltd. as a significant minority shareholder and is expected to hold at least 40% of the shares following the transaction. The remaining shares of Ina Invest Ltd. will be held by Ina Invest Holding Ltd., a likewise newly founded real estate company, whose shares shall be listed on SIX Swiss Exchange in June 2020. Implenia plans to distribute all shares of Ina Invest Holding Ltd. to Implenia's shareholders. Implenia shareholders will vote on a special distribution of the Ina Invest Holding Ltd. shares by way of a dividend in kind to effect the spin-off of Ina Invest Holding Ltd. at the upcoming Annual General Meeting (AGM). If approved, shareholders will receive one Ina Invest Holding Ltd. share for every five Implenia shares. The Net Asset Value (NAV) per share of Ina Invest Holding Ltd. is approx. CHF 25 (respectively CHF 5 per Implenia share) based on a valuation by a third party as per 31 December 2019. A brochure for shareholders enclosed to the invitation to the AGM contains further details as well as an indicative timetable for carrying out the transaction.

Concurrently to the spin-off, Ina Invest Holding Ltd. will raise new equity in form of cash of approx. CHF 100 million. Implenia shareholders will receive non-tradeable subscription rights to acquire the new shares of Ina Invest Holding Ltd.

Ina Invest Ltd. will cover the entire value chain from initiation until realisation as well as management and letting. New equity and debt financing for the development portfolio will accelerate the growth of Ina Invest Ltd.. Implenia will offer Ina Invest Ltd. project, portfolio and asset management services at arm's length. This expansion along the value chain will generate recurring earnings and an extended risk diversification for Implenia. Both Implenia and Ina Invest will benefit from early involvement in conception, concretisation and realisation and from Implenia's integrated operating model and market presence to identify new market opportunities. In addition, Implenia benefits from future dividend distribution as a significant minority shareholder in Ina Invest Ltd.. Ina Invest Holding Ltd. will have a compelling financial profile with substantial valuation upside and above market return on capital.

### **Implenia aims for mid-single-digit percentage EBITDA growth in 2020 before strategy implementation costs**

Thanks to the foundations laid over a short period of time, Implenia is ready to create sustainable added value. Implenia is growing profitably aiming for an EBITDA growth with current group structure<sup>2</sup> for 2020 in the mid-single-digit percentage before strategy implementation costs of CHF 10 million. Implenia will continue to implement its strategy and to innovate, always keeping focus on its vision of becoming a leading multinational provider of construction services. Combined with the latest market forecasts, this means that it can confirm its mid-term EBITDA target margin, of 6.25% to 6.75%.

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<sup>2</sup> Before intended spin-off of part of Implenia's development portfolio

### **Proposed cash dividend for 2019: CHF 0.75 per share**

Implenia's Board of Directors proposes to the AGM on 24 March 2020 to approve a cash dividend of CHF 0.75 per share, what represents a 50% increase compared to the previous year.

### **Note to the Financial Report**

Implenia adopted 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.

Due to the new organisational structure the previous year's figures have been adjusted. This report includes alternative performance measures. These are defined on page 182 of our Annual Report.

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### **Annual Report 2019**

Please refer to [this link](#) to read or download the Annual Report 2019.

### **Analysts' and Media Conference 2019**

The Analysts' and Media Conference takes place from 8.30 to 9.30 Uhr at Hotel Widder, Rennweg 7, 8001 Zürich.

**Audio webcast for analysts and media** (English, 8.30 bis 9.30 Uhr):\*

<https://stream.swisscom.ch/implenia/20200225/>

Conference Call, where you can submit your questions (English and German):

<http://emea.directeventreg.com/registration/9479949>

\* Please register 10 min prior in order to be ready for the start of the conference

## Investors' Agenda

|                  |                             |
|------------------|-----------------------------|
| 24. March 2020:  | Annual General Meeting 2020 |
| 21. April 2020:  | Capital Market Day          |
| 19. August 2020: | Half-year Report 2020       |

Implenia is Switzerland's leading construction and construction services company. It has significant building construction and civil engineering operations in Switzerland, Germany and Austria, as well as strong positions in the infrastructure sectors of all its home markets: Switzerland, Germany, Austria, France, Sweden and Norway. Implenia is also a successful real estate developer in Switzerland and Germany. Established in 2006, Implenia can look back on around 150 years of construction tradition. It brings the expertise of its highly skilled consultancy, planning and execution units together under the single roof of a leading multinational construction services provider. With Implenia's broad offering and the deep experience of its specialists, the Group can realise complex major projects and provide integrated, customer-centric support across the entire life-cycle of a building or structure. The focus is on customer needs and 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 over CHF 4.4 billion in 2019. The company is listed on the SIX Swiss Exchange (IMPN, CH0023868554). More information can be found at [www.implenia.com](http://www.implenia.com).

## Key figures Group

|                              | 2019<br>in CHF t | 2018<br>in CHF t | Δ    | Δ<br>like for like <sup>1</sup> |
|------------------------------|------------------|------------------|------|---------------------------------|
| <b>Consolidated revenue</b>  | <b>4,430,833</b> | 4,364,473        | 1.5% | 3.6%                            |
| EBITDA excl. IFRS 16         | 130,782          | 89,726           |      |                                 |
| <i>in % of revenue</i>       | <i>3.0%</i>      | <i>2.1%</i>      |      |                                 |
| <b>EBITDA</b>                | <b>186,768</b>   | 89,726           |      |                                 |
| <i>in % of revenue</i>       | <i>4.2%</i>      | <i>2.1%</i>      |      |                                 |
| Operating income excl. PPA   | 67,560           | 31,000           |      |                                 |
| <i>in % of revenue</i>       | <i>1.5%</i>      | <i>0.7%</i>      |      |                                 |
| <b>Operating income</b>      | <b>63,507</b>    | 12,935           |      |                                 |
| <i>in % of revenue</i>       | <i>1.4%</i>      | <i>0.3%</i>      |      |                                 |
| <b>Consolidated profit</b>   | <b>33,920</b>    | 504              |      |                                 |
| <i>in % of revenue</i>       | <i>0.8%</i>      | <i>0.0%</i>      |      |                                 |
| Free cash flow excl. IFRS 16 | 33,519           | (52,586)         |      |                                 |
| <b>Free cash flow</b>        | <b>84,871</b>    | (52,586)         |      |                                 |

|  |                |              |        |        |
|--|----------------|--------------|--------|--------|
| Cash and cash equivalents (as at 31.12.)                             | 912,317        | 913,233      | (0.1%) | 0.9%   |
| Financial liabilities (as at 31.12.)                                 | 639,753        | 516,022      | 24.0%  | 24.9%  |
| <b>Net cash position excl. lease liabilities (as at 31.12.)</b>      | <b>420,500</b> | 405,540      | 3.7%   | 6.0%   |
| Net cash position (as at 31.12.)                                     | 272,564        | 397,211      |        |        |
| <b>Invested capital excl. rights of use from leases (per 31.12.)</b> | <b>188,428</b> | 202,935      | (7.1%) | (7.4%) |
| Invested capital (per 31.12.)  | 334,919        | 202,935      |        |        |
| <b>Equity (as at 31.12.)</b>   | <b>590,469</b> | 585,175      | 0.9%   | 2.3%   |
| <i>Equity ratio excl. IFRS 16 in %</i>                               | <i>20.1%</i>   | <i>20.5%</i> |        |        |
| <i>Equity ratio in %</i>   | <i>19.2%</i>   | <i>20.5%</i> |        |        |
| Order book (as at 31.12.)  | 6,157,507      | 6,248,291    | (1.5%) | 0.9%   |
| Production output  | 4,517,550      | 4,452,761    | 1.5%   | 3.5%   |
| Employees (FTE; as at 31.12.)  | 8,867          | 8,765        | 1.2%   |        |
| <b>Earnings per share, undiluted (in CHF)</b>                        | <b>1.61</b>    | (0.28)       |        |        |
| <b>Gross dividend (in CHF)<sup>2</sup></b>                           | <b>0.75</b>    | 0.50         |        |        |

<sup>1</sup> Foreign currency adjusted

<sup>2</sup> 2019: Plus dividend in kind from the Ina invest transaction of max. CHF 1.20 per share; subject of approval by the AGM

## Key figures divisions

### Development

|                               | 2019<br>in CHF t | 2018<br>in CHF t | Δ     |
|-------------------------------|------------------|------------------|-------|
| EBITDA excl. IFRS 16          | 44,136           | 40,781           |       |
| <b>EBITDA</b>                 | <b>44,474</b>    | 40,781           |       |
| Employees (FTE; as at 31.12.) | 76               | 64               | 18.8% |

## Buildings

|                               | 2019<br>in CHF t | 2018<br>in CHF t | Δ       |
|-------------------------------|------------------|------------------|---------|
| <b>Revenue</b>                | <b>2'241'754</b> | 2,260,997        | (0.9%)  |
| EBITDA excl. IFRS 16          | 42,820           | 33,260           |         |
| <i>in % of revenue</i>        | <i>1.9%</i>      | <i>1.5%</i>      |         |
| <b>EBITDA</b>                 | <b>51,477</b>    | 33,260           |         |
| <i>in % of revenue</i>        | <i>2.3%</i>      | <i>1.5%</i>      |         |
| Order book (as at 31.12.)     | 2,394,192        | 2,951,599        | (18.9%) |
| Production output             | 2,275,536        | 2,288,000        | (0.5%)  |
| Employees (FTE; as at 31.12.) | 2'058            | 2,131            | (3.4%)  |

## Civil Engineering

|                               | 2019<br>in CHF t | 2018<br>in CHF t | Δ      |
|-------------------------------|------------------|------------------|--------|
| <b>Revenue</b>                | <b>2,300,218</b> | 2,299,551        | 0.0%   |
| EBITDA excl. IFRS 16          | 40,898           | 2,010            |        |
| <i>in % of revenue</i>        | <i>1.8%</i>      | <i>0.1%</i>      |        |
| <b>EBITDA</b>                 | <b>77,221</b>    | 2,010            |        |
| <i>in % of revenue</i>        | <i>3.4%</i>      | <i>0.1%</i>      |        |
| Order book (as at 31.12.)     | 3,612,993        | 3,144,817        | 14.9%  |
| Production output             | 2,344,183        | 2,362,598        | (0.8%) |
| Employees (FTE; as at 31.12.) | 5,250            | 5,044            | 4.1%   |

## Specialties

|                               | 2019<br>in CHF t | 2018<br>in CHF t | Δ      |
|-------------------------------|------------------|------------------|--------|
| <b>Revenue</b>                | <b>242,021</b>   | 255,149          | (5.1%) |
| EBITDA excl. IFRS 16          | 19,155           | 20,137           |        |
| <i>in % of revenue</i>        | <i>7.9%</i>      | <i>7.9%</i>      |        |
| <b>EBITDA</b>                 | <b>19,234</b>    | 20,137           |        |
| <i>in % of revenue</i>        | <i>7.9%</i>      | <i>7.9%</i>      |        |
| Order book (as at 31.12.)     | 150,322          | 151,875          | (1.0%) |
| Production output             | 248,688          | 262,338          | (5.2%) |
| Employees (FTE; as at 31.12.) | 952              | 1,050            | (9.3%) |