Implenia

PRESS RELEASE

Well positioned for success, after a chapter of significant challenge and transformation

- **Implenia closed FY 2020 with EBITDA of CHF -4.9 million, above announced expectations of October last year**
- **Order book of CHF 6,386 million at high level and of improved quality. Value Assurance framework effective, allowing targeted project selection with focus on profitable growth**
- **Execution of sharpened and accelerated strategy as planned, all key initiatives on track. Portfolio adjustments, incl. divestments and ramp-downs, ongoing and new ERP INSPIRE live in Switzerland**
- **Implenia continues to be solidly financed**
- **Many new flagship projects, especially in core markets Switzerland and Germany. Market predictions are positive, despite COVID-19**
- **Implenia expects EBIT of CHF >100 million in 2021 and confirms mid-term target of 4.5% EBIT margin**
- **Implenia's Board of Directors proposes to refrain from paying a dividend**

Dietlikon, 3 March 2021

Implenia closed FY 2020 with EBITDA of CHF -4.9 million, above announced expectations of October last year

With its solid underlying business, Implenia generated a reported revenue of CHF 3,989 million (2019: CHF 4,431 million), a decrease of 10%, highly impacted by COVID-19. The underlying performance at EBITDA level of CHF 163.5 million (incl. COVID-19 impact, CHF ~ -52 million) was affected by one-time effects. These one-time effects consisted of the positive incremental Ina Invest effect of CHF 52.5 million and additional positive effects of CHF ~ 18.1 million mainly from lower than expected expenses for employee benefits according to IAS19. There were negative impacts from write-downs and re-evaluations of CHF -202.6 million as well as restructuring provisions of CHF -36 million. This resulted in reported EBITDA of CHF -4.9 million. Reported EBITDA was higher than expected in October 2020 because of lower than anticipated restructuring costs to achieve target organisation with annual savings of > 50 million until 2023 and additional positive one-time effects mainly from lower expenses according to IAS19 as well as positive project, claim and litigation development. EBIT resulted in CHF -146.8 million (2019: CHF 63.5

million) incl. goodwill impairment impact of CHF ~40 million, net result amounted to CHF -132.1 million (2019: 33.9 million).

At CHF 6,386 million (2019: CHF 6,158 million), the order book was at a high level and well diversified across targeted businesses and markets. The increase of the order book is mainly based on new flagship projects won in Switzerland and Germany. Implenia's operating cash flow was CHF -161.5 million (2019: CHF 143.5 million) and the free cash flow was CHF -193.3 million (2019: CHF 84.9 million), mainly due to low EBITDA, an increase in net working capital, continuous investments in the development portfolio and the cash neutral Ina Invest transaction. The balance sheet remained robust with continuing high level of cash and cash equivalents of CHF 720.0 million (2019: CHF 912.3 million) and total assets of CHF 2,943 million (2019: CHF 3,083 million). As expected, the equity ratio temporarily decreased to 10.3% (2019: 19.2%), caused by the negative one-time effects on the result and the issuance of a dividend in kind from the Ina Invest transaction (CHF 112.4 million). Yet, the upside potential of the remaining development portfolio would lead to an equity ratio clearly over 15%. Mid-term ambition is an equity ratio of above 20%, based on the strong underlying business and increasing services earnings from Ina Invest and expected dividends of the 42.5% shareholder participation in Ina Invest Ltd.. The started deconsolidation of selected non-core activities and externalization of asset-heavy activities further contribute to an improved equity ratio. Implenia's total employees (FTE, excl. temporary staff) declined from 8,867 to 8,701 in 2020.

Division Real Estate achieved a strong underlying performance at EBITDA level of CHF 61.6 million (incl. COVID-19 impact, CHF ~ -9 million). Reported EBITDA of CHF 110.6 million (2019: CHF 44.5 million) included the additional positive impact of the incremental Ina Invest effect of CHF 52.5 million, write-downs and re-evaluations of CHF -3.5 million and initial returns from Ina Invest participation. The Division's gross investments in its development portfolio amounted to CHF 57.9 million (2019: CHF 53.2 million), strengthening the project pipeline for future positive business development of the Division.

Division Buildings' order book increased to CHF 3,046 million (2019: 2,394 million) and improved significantly in quality. It was based on the acquisition of various large projects in Switzerland and Germany, enabled by Implenia's integrated approach of early involvement in the pre-construction phase and the collaboration with its clients. The Division achieved a revenue of CHF 2,080 million (2019: CHF 2,242 million), below previous year's level due to the COVID-19 pandemic. This led to an underlying performance at EBITDA level of CHF 40.5 million (incl. COVID-19 impact, CHF ~ -13 million), before negative one-time effects consisting of write-downs and re-evaluations of total CHF -46.2 million as well as restructuring provisions of CHF -0.4 million. Resulting reported EBITDA was CHF -6.1 million (2019: CHF 51.5 million).

Division Civil Engineering's order book decreased to CHF 3,183 million (2019: CHF 3,613 million) but was of improved quality. The Division's revenue declined to CHF 2,013 million (2019: CHF 2,300 million). Both effects were mainly due to temporarily reduced market volume caused by COVID-19 and emphasised by a more selective project acquisition and a shift from volume to margin oriented growth. This led to an underlying performance at EBITDA level of CHF 48.3 million (incl. COVID-19 impact, CHF ~ -26 million) before negative one-time effects. Write-downs and re-evaluations of total CHF -131.3 million as well as restructuring provisions of CHF -18.2 million were one-time effects that impacted the Division's FY20 results. Resulting reported EBITDA was CHF -101.2 million (2019: CHF 77.2 million).

Division Specialties increased its order book to CHF 156.6 million (2019: CHF 150.3 million). This was based on growth of facade solutions, building construction logistics and building technology planning. Revenue came in at CHF 223.6 million (2019: CHF 242.0 million), impacted by some significant COVID-19-related project delays. The underlying performance at EBITDA level of CHF 21.0 million (incl. COVID-19 impact, CHF ~ -4 million) was affected by one-time effects consisting of write-downs and re-evaluations of total CHF -11.7 million, restructuring provisions of CHF -8.6 million and other positive one-time effects of CHF 2.1 million. This resulted in reported EBITDA of CHF 2.8 million (2019: CHF 19.2 million).

Order book of CHF 6,386 million at high level and of improved quality. Value Assurance framework effective, allowing targeted project selection with focus on profitable growth

The group's order book remained at a high level and continued to be well diversified across targeted businesses and markets with further increased quality thanks to the profitability-focused Value Assurance framework. More than 80% of the estimated revenue for 2021 has already been secured by the current orders.

The Value Assurance Framework is implemented and applied across all risk classes of projects. Each project runs through a standardized process to rigorously assess opportunities and risks along the entire project timeline – with milestones for project selection, tender approval and project reviews. Initial quantitative analysis shows on average a better risk profile of tendered projects than before the implementation of Value Assurance.

Execution of sharpened and accelerated strategy as planned, all key initiatives on track. Portfolio adjustments ongoing, incl. divestments and ramp-downs, and new ERP INSPIRE live in Switzerland

Accelerated and sharpened strategy execution in all four strategic priorities is on track, with particular focus on portfolio transformation and profitable growth:

Concerning the strategic priority **Portfolio**, the sale or ramp-down of non-core and non-performing businesses has started. At the same time, a rightsizing of all support functions is underway. In addition, Implenia externalises asset-heavy activities and properties and develops new scalable business models. For the strategic priority **Profitable Growth**, effective opportunities and risk management including Value Assurance is in place. All initiatives for Operational Excellence made good progress, e.g., procurement, digitalization (e.g. BIM) and lean construction. The new ERP-System INSPIRE with harmonized processes is implemented. It went live in Switzerland on time and budget and the roll-out to the other countries is in preparation.

Referring to the strategic priority **Innovation**, Implenia fostered its corporate entrepreneurship movement by its Innovation Hub. More than 60 ideas have been submitted to date, of which eight are in pilot implementation and market testing. An external innovation ecosystem has been initiated and includes cooperation with research, innovation and start-up networks. In addition, Implenia is continuously screening for potential innovative business acquisitions. In case of the strategic priority **Talent and Organisation**, Implenia's Operating model and organisation continue to enable transparency and an effective execution of all strategic initiatives. Change management activities have been set up to support the leadership team and the employees in the current restructuring. By conducting organisation capability reviews Implenia identifies internal talents to ensure their development and retention. In order to attract top talents externally the group focuses on employer branding and a supporting recruiting strategy. In both recruiting and talent management the group also fosters diversity and inclusion. Implenia's five corporate values excellence, agility, integrity, sustainability and collaboration are now part of the performance management system and thus have an impact on compensation.
As one of the corporate values, Implenia lives sustainability internally as well as on projects. Today, Implenia publishes its new Sustainability Report in addition to the Annual Report.

All four strategic priorities are being implemented on a Divisional and Functional level:

Division Real Estate continues to invest in and develop an attractive land portfolio with an estimated market value of approx. CHF 2.3 billion at completion. With a balanced portfolio of real estate services, the Division will generate strong profit contributions in the coming years. The partnership with Ina Invest accelerates the Division's growth potential by creating sustainable income streams via earnings from real estate services and the equity participation in Ina Invest. The Division will also develop a portfolio of standardized, industrially manufactured real estate products for international markets for various kinds of living spaces.

Division Buildings continues to strengthen its core business in Switzerland and Germany. It expands its planning and consulting capabilities to become an end-to-end construction services provider for all types of new builds and refurbishments. The Division establishes new partnership-based contract models with a focus on complex buildings and modernizations. The ramp-down of non-performing businesses is underway (e.g. Bau GmbH, Südbaden, Deutschland). The Division is also reducing its own project realisation capacities. A transfer of buildings services in Austria to the best possible owner is underway.

Division Civil Engineering specialises in complex infrastructure projects in the core markets Switzerland and Germany, as well as for Tunnelling and related infrastructure in other markets. It expands its planning, engineering and project management capabilities and intends to standardize and pre-construct selected products, e.g. bridges. The Division's focus is on complex projects and on establishing new partnership-based contract models. Civil Engineering will reduce project realisation capacities in all markets. The outsourcing process of yards and equipment has started. In Norway and

Sweden, the ramp-down of sub-unit Civil has been prepared and is now underway. In Austria and Romania, the ramp-down of sub-unit Civil is proceeding and will be implemented after all current contractual obligations are fulfilled.

Division Specialties is developing solutions in niches for an efficient and sustainable construction industry in Switzerland, Germany and further markets. The Division continues to invest in and scale performing businesses such as facade solutions, building construction logistics and building technology planning. It also expands its engineering and planning competencies such as timber construction and formworks. In 2020, the Division sold Tüchler Ausbau GmbH in Austria and decided to close Implenia Modernbau GmbH in Germany. Specialties evaluates further portfolio adjustments of non-strategic businesses.

Implenia continues to be solidly financed

The syndicated loan agreement with Swiss banks is in place with the original end date of December 2023. The guarantee facility remains unchanged at CHF 550 million. In order to adapt the syndicated loan agreement to the short- and mid-term activities and to spare availability fees the so far undrawn cash facility has been adapted to CHF 100 million. Implenia is reporting a net cash position of CHF 160.5 million, excluding lease liabilities. The management of cash as well as of the Cash Conversion Cycle is a top priority in all Divisions. In addition to EBIT, net working capital has been defined as a short-term incentive plan KPI for management levels as of 2021.

Many new flagship projects, especially in core markets Switzerland and Germany. Market predictions are positive, despite COVID-19

All Divisions won or developed new flagship projects. **Real Estate** develops sustainable projects like Green Village in Geneva or further Lokstadt projects like BigBoy and Elefant in Winterthur. Based on sound client relationships and often pre-contract conceptualization and planning, **Buildings** won several complex orders such as UBS Paradeplatz in Zurich, Cantonal hospital Aarau and Alto Pont-Rouge in Geneva. With its proven expertise in complex infrastructure projects, **Civil Engineering** acquired the A7-Tunnel in Hamburg Altona, the northern safety tunnel of Gotthard and the modernization of Waldenburgerbahn in Basel-Land. **Specialties** will deliver a facade technology solution for the modernisation of the swim centre Alster in Hamburg, building construction logistics of BCL for the Arnulfpost in Munich and post-tensioning systems of BBV Systems to the Hochstrasse Elbmarsch in Hamburg.

The market outlook remains positive, despite the COVID-19 pandemic. Total construction output is expected to stabilize in the EC-15 countries with annual growth rates for 2021-2023 of 2.7% for Buildings and 3.3% for Civil Engineering (Euroconstruct, November 2020). The market outlook for large infrastructure projects is promising due to potential economic stimulus packages and an investment backlog in infrastructure.

Implenia expects EBIT of CHF >100 million in 2021 and confirms mid-term target of 4.5% EBIT margin

In line with its asset-light strategy, Implenia will report future performance in EBIT. For 2021, EBIT of CHF >100 million corresponding to an EBIT margin of ~2.8% is expected, equivalent of CHF >200 million EBITDA. The mid-term target of an expected EBIT margin of 4.5% (6.5% EBITDA margin) is confirmed.

Implenia is well positioned and on track to become a strong and profitable company with a substantially improved risk profile. With the positive market outlook, driven by the megatrends urbanisation, mobility and infrastructure investments, the group is firmly on its way to realise its vision of becoming an integrated leading multi-national construction and real estate service provider.

Implenia's Board of Directors proposes to refrain from paying a dividend

Given the FY 2020 results, affected by various one-time effects, Implenia's Board of Directors intends to strengthen the company for the future and protect the interests of its shareholders. Therefore, the Board of Directors will propose to the AGM on 30 March 2021 to refrain from paying a dividend.

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Annual Report 2020: Please refer to this link to read or download the Annual Report 2020.

Analysts and Media Conference

An Analysts and Media Conference (webcast) takes place today (from 8.30 to 9.30 am), where you can submit your questions.

Sustainability Report

With sustainability being one of Implenia's corporate values, today the group also publishes its new Sustainability Report in parallel to the Annual Report 2020.

Investors' diary

30 March 2021:	Annual General Meeting
17. August 2021:	Half-year Report 2021

As Switzerland's leading construction and real estate service provider, Implenia develops and builds homes, workplaces and infrastructure for future generations in Switzerland and Germany. It also plans and builds complex infrastructure projects in Austria, France, Sweden and Norway. Formed in 2006, the company can look back on around 150 years of construction tradition. The company brings together the know-how of its highly skilled consulting, planning and execution units under the umbrella of an integrated leading multi-national construction and real estate service provider. With its broad offering and the extensive experience of its specialists, the Group can realise complex major projects and provide customer-centric support across the entire life-cycle of a building or structure. It focuses on customer needs and on striking a sustainable balance between commercial success and social and environmental responsibility. Implenia, with its headquarters in Dietlikon near Zurich, employs more than 8,500 people in Europe and posted revenue of almost CHF 4 billion in 2020. The company is listed on the SIX Swiss Exchange (IMPN, CH0023868554). More information can be found at implenia.com.

Key figures Group

	1.1.-31.12.2020 in CHF t	1.1.-31.12.2019 in CHF t	Δ	Δ like for like[1]
Group revenue	**3,988,946**	4,430,833	(10.0%)	(8.1%)
EBITDA	**(4,891)**	186,768		
in % of revenue	*(0.1%)*	*4.2%*		
EBIT	**(146,757)**	63,507		
in % of revenue	*(3.7%)*	*1.4%*		
Net result	**(132,052)**	33,920		
in % of revenue	*(3.3%)*	*0.8%*		
Free cash flow excl. IFRS 16	(233,419)	33,519		
Free cash flow	**(193,342)**	84,871		
Cash and cash equivalents (as at 31.12.)	719,990	912,317	(21.1%)	(20.8%)
Financial liabilities (as at 31.12.)	(732,837)	(639,753)	14.5%	14.6%
Net cash position (as at 31.12.)	**(12,847)**	272,564		
Lease liabilities (as at 31.12.)	173,373	147,936	17.2%	17.2%
Net cash position excl. lease liabilities (as at 31.12.)	**160,526**	420,500	(61.8%)	(61.3%)
Invested capital (as at 31.12.)	**336,749**	334,919	0.5%	0.8%
Rights of use from leases (as at 31.12.)	(167,306)	(146,491)	14.2%	14.2%
Invested capital excl. rights of use from leases (as at 31.12.)	**169,443**	188,428	(10.1%)	(9.6%)
Equity (as at 31.12.)	**303,027**	590,469	(48.7%)	(48.2%)
Equity ratio in %	*10.3%*	*19.2%*		
Order book (as at 31.12.)	6,386,284	6,157,507	3.7%	4.1%
Production output	4,060,298	4,517,550	(10.1%)	(8.1%)
Employees (FTE; as at 31.12.)	8,701	8,867	(1.9%)	
Earnings per share, undiluted (in CHF)	**(7.30)**	1.61		
Gross dividend (in CHF)[2]	**0.00**	0.75		

[1] Foreign currency adjusted

[2] 2019: Plus dividend in kind from the Ina invest transaction of max. CHF 1.20 per share; 2020: Subject of approval by the AGM

Key figures divisions

Real Estate

	1.1.-31.12.2020 in CHF t	**1.1.-31.12.2019** in CHF t	**Δ**
EBITDA	**110,624**	44,474	148.7%
EBIT	**109,408**	43,774	149.9%
Employees (FTE; as at 31.12.)	81	76	6.6%

Buildings

	1.1.-31.12.2020 in CHF t	**1.1.-31.12.2019** in CHF t	**Δ**
Revenue	**2,079,821**	2,241,754	(7.2%)
EBITDA	**(6,129)**	51,477	
in % of revenue	*(0.3%)*	*2.3%*	
EBIT	**(19,236)**	40,715	
in % of revenue	*(0.9%)*	*1.8%*	
Order book (as at 31.12.)	3,046,474	2,394,192	27.2%
Production output	2,087,905	2,275,536	(8.3%)
Employees (FTE; as at 31.12.)	1,905	2,058	(7.4%)

Civil Engineering

	1.1.- 31.12.2020 in CHF t	1.1.- 31.12.2019 in CHF t	Δ
Revenue	**2,012,855**	2,300,218	(12.5%)
EBITDA	**(101,217)**	77,221	
in % of revenue	*(5.0%)*	*3.4%*	
EBIT	**(206,675)**	(10,153)	
in % of revenue	*(10.3%)*	*(0.4%)*	
Order book (as at 31.12.)	3,183,202	3,612,993	(11.9%)
Production output	2,068,989	2,344,183	(11.7%)
Employees (FTE; as at 31.12.)	5,142	5,250	(2.1%)

Specialties

	1.1.- 31.12.2020 in CHF t	1.1.- 31.12.2019 in CHF t	Δ
Revenue	**223,628**	242,021	(7.6%)
EBITDA	**2,836**	19,234	(85.3%)
in % of revenue	*1.3%*	*7.9%*	
EBIT	**(9,479)**	7,345	
in % of revenue	*(4.2%)*	*3.0%*	
Order book (as at 31.12.)	156,607	150,322	4.2%
Production output	228,727	248,688	(8.0%)
Employees (FTE; as at 31.12.)	954	952	0.2%