



Ad hoc announcement pursuant to Art. 53 LR

## **MEDIA RELEASE**

### **Half-Year Report 2021 – Transformation on track with positive effects on operating results**

- **Strategic focus on profitability results in EBIT of CHF 40.0 million; all Divisions contributed to positive EBIT**
- **Order book of CHF 6.6 billion with strategically relevant project wins is of better quality and improved risk profile by applying Value Assurance**
- **Implenia is going through a major transformation: Required operational measures are on track with positive impact on results**
- **Equity ratio increased versus full-year 2020 despite seasonality. Cash and equity with positive trend for second half-year**
- **Implenia confirms guidance**

Dietlikon, 17 August 2021

“With our transformation on track, the expertise to manage complex projects and our long-standing focus on sustainability, we are well positioned to become an integrated leading multinational construction and real estate service provider”, says André Wyss, CEO, “the operational measures have a first impact on results, our order book is at a high level and of improved quality thanks to groupwide application of Value Assurance.”

#### **Strategic focus on profitability results in EBIT of CHF 40.0 million; all Divisions contributed to positive EBIT**

Implenia achieved a solid operating profit in the first half of the year. Reported EBIT was CHF 40.0 million (HY1.2020: CHF 3.7 million excl. Ina Invest transaction, reported CHF 56.2 million). Underlying performance is in line with expectations and the swift implementation of the transformation resulted in additional one-time effects with a positive impact on the result. Revenue decreased slightly versus HY1.2020 to CHF 1,884 million (HY1.2020: CHF 1,926 million). The implementation of and strict adherence to the Value Assurance framework led to more selective project acquisition with improved margins. All divisions are on track to achieve their profitability targets for 2021.

**Division Real Estate** achieved EBIT of CHF 22.3 million (HY1.2020: reported EBIT CHF 107.5 million; positively affected by Ina Invest transaction). The Division continues to invest in and develop an attractive real estate portfolio with a market value of more than CHF 350 million as trader developer in Switzerland and in Germany, e.g. the site acquisition “Marienplatz” in Darmstadt. Together with partners the Division realizes its aspiration for standardised, industrially manufactured real estate products. The collaboration with Ina Invest is well established in the areas of acquisition and real estate services. Implenias participation in Ina Invest has a book value of CHF 144.8 million.

**Division Buildings** delivered a solid performance and increased profitability from its underlying business. The Division reports EBIT of CHF 16.2 million (HY1.2020: CHF 5.4 million). Due to the focus on profitability, and on large-scale complex projects revenue decreased to CHF 854 million (HY1.2020: 1,001 million). The order book improved in quality and increased to CHF 3,148 million (HY1.2020: CHF 2,646 million) mainly influenced by the acquisition of BAM Swiss AG in May. With this acquisition, the Division strengthened its expertise for complex projects mainly in healthcare. In addition, the Division built up further capabilities in general planning and consulting.

**Division Civil Engineering** reports EBIT of CHF 10.2 million (HY1.2020: CHF -48.0 million). The transformation is well on track with an improved operating result as a first proof. The Division is now well positioned for future success. The business units Tunnelling and Special Foundations are delivering good results for the Division. The restructuring measures and ramp-downs in Civil are proceeding as planned and have mostly been completed. The Division’s revenue increased to CHF 1,040 million (HY1.2020: CHF 927 million), based on a strong second quarter, especially June and the strategic focus on large-scale projects. The order book remained at previous year’s level of CHF 3,301 million (HY1.2020: CHF 3,349 million) and is of improved quality. Based on the win of the tunnelling project TELT Lot 3 (Tunnel Euralpin Lyon-Turin), France will remain an important market for Tunneling and related infrastructure projects.

The strategic portfolio alignment in business unit Civil is on track – the following divestments have been completed: Implenias Instandsetzung GmbH in Germany, yards and equipment in Austria as well as the ferry dock maintenance and rock support business in Norway. Further externalisation of yards and equipment is being assessed and the business unit closed its local production units in Canton Grisons, Switzerland. Local branches of business unit Civil in Sweden, Norway and Austria have been ramped down to purely complete current projects.

**Division Specialties** reports EBIT of CHF 0.5 million (HY1.2020: CHF -0.6 million). Revenue was at CHF 95.8 million (HY1.2020: CHF 104.9 million). The order book remained stable at CHF 166.1 million (HY1.2020: CHF 170.4 million), despite the sale of two non-strategic businesses, Tüchler Ausbau and Tetrag. The Division will continue to develop and scale businesses with high potential and actively scouts acquisition prospects in order to expand its planning and engineering capabilities. The Implenias

Innovation Hub is developing already more than seventy promising innovations at various stages of maturity.

### **Order book of CHF 6.6 billion with strategically relevant project wins is of better quality and improved risk profile by applying Value Assurance**

Implenia's order book increased to CHF 6.6 billion (HY1.2020: CHF 6.2 billion) due to strategically relevant project wins in the first half of the year as well as the acquisition of BAM Swiss AG and is of further improved quality. Implenia's Value Assurance framework is applied to all new projects and major projects are planned and to be realised using lean construction methods. These measures ensure an improved risk profile and profitability of the project pipeline. Based on the introduction of the Value Assurance framework and the improved risk assessment processes the pre-calculated gross margin of the order book increased by approx. 1.0 percentage point (resp. 20%). Implenia continuously applies cost controls and realistic risk assessments in project reviews. Early warning indicators to identify irregularities and potential risks ensure excellence in project execution.

During the first six months of this year Implenia has acquired a high number of large, complex infrastructure projects in strategic markets. These project acquisitions are in line with the Group's core competencies. Furthermore, they prove the recognition and demand for Implenia's long standing experience and capabilities in tunnelling. Examples are: A7 Altona Noise Protection Tunnel (Germany), Lysaker-Fornebu Tunnel (Norway), Sofia Station on the Stockholm Metro (Sweden) and two sections of preparatory work for the second tube of the Gotthard road tunnel (Switzerland).

Division Buildings won several large and complex projects in Switzerland and Germany for sustainable residential and commercial buildings. Examples are: Temporary Laboratory at Irchel Campus (Zurich), ka3 office, hotel and retail complex (Karlsruhe), sustainable rental housing at Turley-Areal (Mannheim) and commercial and residential buildings BahnStadt (Bruchsal). According to the strategy, there is a shift from construction production towards projects with a substantial share of consulting and planning work.

### **Implenia is going through a major transformation: Required operational measures are on track with positive impact on results**

Implenia is going through a major transformation including portfolio adjustments, restructuring with layoffs, as well as write-downs and rightsizing of businesses and support functions. The company continues to focus on integrated construction and real estate services in its core markets Switzerland and Germany and offers tunnelling and related infrastructure projects in other markets. In implementing this, the Group made strong progress in its strategic priority "Portfolio". In the business unit Civil the measures have mostly been completed. Implenia will continue with portfolio adjustments and externalisation of asset-heavy activities in the second half of the year.

For Implenía's core markets, the most recent market size predictions remain positive. Expected recovery of total construction output in 2021 of approx. 4.1% growth across Europe was slightly revised to a growth of 3.8% for 2021. Total construction output is expected to gradually lose momentum in the following years with 3.0% growth in 2022 and 2.1% in 2023 (source: Euroconstruct Report, June 2021).

### **Actively managing increase of material costs**

Since the beginning of the year the construction industry has seen a substantial increase of material costs. Jointly with the business, Implenía's global procurement organisation actively manages challenges like supply chain bottlenecks and material cost inflation. Therefore, the financial impact has been limited so far. The Group expects to mitigate a significant part of the increase of material costs.

### **Sustainability – a key element of Implenía's value proposition**

Sustainability is not only one of Implenía's corporate values, but also a key element of the value proposition to its customers. Implenía defined [twelve sustainability goals](#) covering a broad spectrum of ESG criteria to achieve until 2025. The overall objective to further build on its position as an industry leader concerning sustainability has been recognized recently by two major rating firms: Sustainalytics, a leading global research and analysis firm for environmental, social and governance issues, has awarded Implenía 84 points for 2020. Implenía also achieved silver status for 2021 from EcoVadis, the world's largest provider of sustainability ratings. This rating is particularly important for contracts with the public sector, but is also increasingly required by other customers. In addition, MSCI also confirmed their AA rating for Implenía in July 2021.

### **Equity ratio increased versus full-year 2020 despite seasonality. Cash and equity with positive trend for second half-year**

Free Cash Flow for the first half-year was CHF -325.4 million (HY1.2020: CHF -228.3 million) and, as expected, is temporarily at low levels impacted by seasonality and the ongoing strategy execution. Expenses for restructuring measures and legacy projects, which were provisioned last year, have led to an additional cash drain. As a result of the Ina Invest transaction last year and according to forecast, Cash Flow from Division Real Estate is currently lower and expected to stabilize mid-term. For the second half-year, Implenía expects a positive development of the Free Cash Flow.

Despite seasonality of first half-year, the equity ratio increased by 0.8 pp to 11.1% (versus decrease of 2.5 pp in HY1.2020). Implenía aims for a continuous sustainable improvement of the equity ratio with a mid-term ambition of above 20%, based on the strong underlying business, including increasing earnings from Ina Invest and on a consistent asset-light strategy. Furthermore, there is an upside potential from Implenía's real estate portfolio.

## **Implenia confirms guidance**

Based on the progress of the strategy implementation and the current assessment of the material cost increase, focusing on its core portfolio and asset-light strategy, Implenia confirms its EBIT guidance on Group level. For 2021 Implenia expects EBIT of CHF >100 million and as mid-term target an EBIT margin of 4.5%.

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**Half-Year Report 2021:** Please refer to [this link](#) to read or download the Half-Year Report 2021.

### **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.

### **Dates for investors:**

1 March 2022: Annual Result 2021, analysts and media conference

29 March 2022: Annual General Meeting

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 multinational 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 Opfikon 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](http://implenia.com).

## Key figures Group

	1.1.-30.06.2021 in CHF t	1.1.-30.06.2020 in CHF t	Δ	Δ like for like <sup>1</sup>
Group revenue	1,883,604	1,926,145	(2.2%)	(4.2%)
<b>EBIT</b>	<b>40,027</b>	56,202		
<i>in % of revenue</i>	<i>2.1%</i>	<i>2.9%</i>		
Net result	22,381	57,611		
<i>in % of revenue</i>	<i>1.2%</i>	<i>3.0%</i>		
<b>Free Cash Flow</b>	<b>(325,394)</b>	(228,342)		
Cash and cash equivalents (as at 30.06.)	358,221	646,776	(44.6%)	(45.4%)
Financial liabilities (as at 30.06.)	(710,738)	(644,718)	10.2%	9.5%
<b>Net cash position (as at 30.06.)</b>	<b>(352,517)</b>	2,058		
Lease liabilities (as at 30.06.)	160,712	141,481	13.6%	10.6%
<b>Net cash position excl. lease liabilities (as at 30.06.)</b>	<b>(191,805)</b>	143,539	(233.6%)	(237.1%)
<b>Invested capital (as at 30.06.)</b>	<b>695,106</b>	521,730	33.2%	32.1%
Rights of use from leases (as at 30.06.)	(154,361)	(139,610)	10.6%	7.7%
<b>Invested capital excl. rights of use from leases (as at 30.06.)</b>	<b>540,745</b>	382,120	41.5%	41.0%
<b>Equity (as at 30.06.)</b>	<b>324,341</b>	506,487	(36.0%)	(37.2%)
<i>Equity ratio in %</i>	<i>11.1%</i>	<i>16.9%</i>		
Order book (as at 30.06.)	6,615,465	6,164,727	7.3%	4.8%
Production output	1,805,552	1,938,753	(6.9%)	(8.6%)
Employees (FTE; as at 30.06.)	8,123	8,895	(8.7%)	

<sup>1</sup> Foreign currency adjusted

## Key figures Divisions

### Real Estate

	1.1.-30.06.2021 in CHF t	1.1.-30.06.2020 in CHF t	Δ
<b>EBIT</b>	<b>22,304</b>	107,453	(79.2%)
Employees (FTE; as at 30.06.)	92	72	27.8%

### Buildings

	1.1.-30.06.2021 in CHF t	1.1.-30.06.2020 in CHF t	Δ
<b>Revenue</b>	<b>821,349</b>	898,172	(8.6%)
<b>EBIT</b>	<b>16,235</b>	5,365	
<i>in % of revenue</i>	<i>2.0%</i>	<i>0.6%</i>	
Order book (as at 30.06.)	3,148,274	2,645,735	19.0%
Production output	826,103	911,876	(9.4%)
Employees (FTE; as at 30.06.)	1,929	1,986	(2.9%)

### Civil Engineering

	1.1.-30.06.2021 in CHF t	1.1.-30.06.2020 in CHF t	Δ
<b>Revenue</b>	<b>944,266</b>	840,070	12.4%
<b>EBIT</b>	<b>10,163</b>	(48,029)	
<i>in % of revenue</i>	<i>1.1%</i>	<i>(5.7%)</i>	
Order book (as at 30.06.)	3,301,107	3,348,633	(1.4%)
Production output	891,533	835,682	6.7%
Employees (FTE; as at 30.06.)	4,643	5,322	(12.8%)

## Specialties

	1.1.-30.06.2021 in CHF t	1.1.-30.06.2020 in CHF t	Δ
<b>Revenue</b>	<b>79,142</b>	89,305	(11.4%)
<b>EBIT</b>	<b>471</b>	(629)	
<i>in % of revenue</i>	<i>0.6%</i>	<i>(0.7%)</i>	
Order book (as at 30.06.)	166,084	170,360	(2.5%)
Production output	79,135	92,596	(14.5%)
Employees (FTE; as at 30.06.)	892	950	(6.1%)