



PRESS RELEASE

Implenia posts good results for 2016 – EBITDA and EBIT at record level | Dividend increased to CHF 2.00 | Full order books for 2017 | New medium-term objective

Dietlikon, 23 February 2017 – Implenia recorded a good performance in 2016, the year in which it celebrated its tenth anniversary. EBITDA and EBIT reached new record levels. The improvement in earnings was purely organic, due in large part to the successful turnaround at Business Unit Buildings. The order backlog at Group level matched the previous year's record. Alongside Implenia's strong market position, the continuing robustness of the markets and the power added by the Bilfinger acquisition allows the Group to feel confident about 2017. The Board of Directors is proposing a dividend of CHF 2.00 per share.

Implenia posted consolidated revenue of CHF 3,267 million in 2016, following a figure of CHF 3,288 million in 2015. EBITDA rose 3.0 percent during the period under review to a record CHF 166.2 million (2015: CHF 161.4 million), pushing the EBITDA margin up from 4.9 percent to 5.1 percent. Reported Business Unit EBIT increased by 20.4 percent to CHF 103.7 million (2015: CHF 86.2 million). Excluding amortisation costs for intangible assets acquired in the wake of the Bilfinger Construction takeover (PPA), Business Unit EBIT reached a new record level of CHF 115.0 million. This was a substantial improvement of 6.8 percent on the previous year's figure of CHF 107.7 million.

Implenia Group's operating income came to CHF 97.9 million, which is 22.5 percent higher than the previous year's CHF 79.9 million. Consolidated profit for 2016 came to CHF 64.5 million, up by 23.9 percent on the CHF 52.0 million achieved in 2015.

Free cash flow before acquisitions came to CHF 30.1 million in 2016. This is significantly lower than the CHF 103.6 million of the previous year. It was not possible to keep net working capital at the previous years' low level.

Implenia creates value

Implenia once again created significant value in 2016, generating a very good 33.3 percent return on invested capital. This is higher than the figure of 29.2 percent recorded in 2015 and much higher than the average cost of capital of 9.5 percent.

The net cash position as at 31 December 2016 stood at CHF 376.3, practically unchanged on 2015's CHF 388.1 million. Implenia reduced its financial liabilities by around CHF 80 million during the year under review, which contributed directly to a reduction in total assets to CHF 2,629 million (2015: CHF 2,731 million francs). With equity up to CHF 665.5 million (2015: 623.8 million), the equity ratio climbed to 25.3 percent (2015: 22.8 percent). Implenia Group's financial foundations are even stronger than before.

Higher dividend

The Board of Directors is proposing to the Annual General Meeting of Implenia Ltd. on 22 March 2017 that it pay an ordinary dividend of CHF 2.00 per share, following the dividend of CHF 1.80, plus anniversary dividend of CHF 0.10, paid in the previous year.

Development Segment exceeds record results of previous year

The Development Segment, which develops real estate projects in Switzerland, put in an impressive performance in 2016. Its EBIT of CHF 37.0 million is a new record (2015: CHF 36.3 million), driven by generally favourable market conditions and, above all, by a strong portfolio of self-developed projects. The bulk of development activities was once again concentrated in the key regions of Zurich and the "Arc Lémanique" along Lake Geneva. A full project pipeline, featuring numerous large sites in Western Switzerland (Geneva / Lausanne) and the German-speaking part of the country (Winterthur), ensures a healthy future for the segment and creates a major volume of work for the downstream units, Implenia Buildings and Modernisation.

Switzerland Segment achieves predicted turnaround of Business Unit Buildings

The Switzerland Segment, which covers Implenia's services in residential and commercial property modernisation, total and general contracting, building construction, road construction and civil works, as well as the surface and gravel plants in Switzerland, recorded an excellent performance during the year under review. Revenue remained stable, but EBIT rose by 45 percent to CHF 56.3 million. This reflects a great improvement in the quality of the segment's earnings compared with the previous year. The increase in EBIT of around CHF 18 million was driven mainly by the traditional total and general contracting business (Buildings). Measures initiated to improve operational performance had the desired effect and paved the way for a successful turnaround. Regional business (building and road construction, civil works) in Switzerland continued the strong performance

seen in 2015. Capacity utilisation remained particularly high in the French-speaking part of Switzerland despite the lack of major projects on the market. Regional business in German-speaking Switzerland failed to meet expectations, though the region's potential is very apparent. Further progress was made on the strategic expansion of modernisation business, and the roll-out of the business model into western Switzerland began. The Switzerland Segment's order volumes were maintained at around the previous year's high level at CHF 2,637 million (2015: CHF 2,648 million).

Infrastructure Segment pushes ahead successfully with international expansion

Results at the Infrastructure Segment, which brings together Implenía's capabilities in tunnelling, civil engineering and major projects, exceeded expectations in 2016. EBIT came to CHF 14.5 million, which is 20.8 percent higher than the prior year's comparable figure of CHF 12.0 million.¹ Smooth running tunnelling projects in Switzerland and Austria, and equally good foundation engineering projects in Switzerland and Germany helped produce this excellent result. Above all, however, the positive performance reflects the fact that the international expansion of infrastructure construction activities is delivering tangible results. Implenía is currently working on major projects in all of its defined home markets – Switzerland, Germany, Austria, Norway and Sweden. Implenía also gained a foothold in the French infrastructure market by winning contracts for two sections of the "Grand Paris Express". At CHF 1,524 million, existing orders are only slightly below the previous year's high level (2015: CHF 1,603 million).

Impressive contract acquisition by International Segment

The International Segment, with its regional businesses in Germany, Austria, Norway and Sweden, plus Implenía's international production facilities, generated EBIT of CHF 7.2 million in 2016. On a comparable basis, the prior year EBIT was CHF 12.1 million.¹

Norway's disappointing performance had a negative impact on the result. Following an increase in personnel, the local organisation did not reach the desired level of efficiency, while several projects failed to perform satisfactorily. However, the potential of the Norwegian market remains intact. Implenía has refocused its marketing work in the country and reinforced the local operational management team. Regional business in Germany and Austria is going as planned. The gravel works in Mali and the Ivory Coast once again performed well and slightly increased their contribution to earnings.

The International Segment was successful at winning new contracts in all its markets. The order backlog at the end of the 2016 passed the billion mark for the first time, hitting CHF 1,006 million (2015: CHF 879 million).

¹ Bilfinger Construction's contribution to earnings adjusted from 10 to 12 months

Acquisition of Bilfinger Hochbau strengthens position in Germany

The acquisition of Bilfinger Hochbau, announced in mid-December 2016, strengthened Implenia's market position in Germany. Bilfinger Hochbau, which provides services from initial planning to turnkey building construction, is well established in Europe's largest construction market. The Group also has a portfolio of long-standing customers and excellent technical capabilities. By coming together, Implenia and Bilfinger have gained a broader base in Germany and can make better use of existing market opportunities. Completion of the transaction and first-time consolidation is scheduled for the beginning of March 2017.

Personnel changes

Calvin Grieder, Vice Chairman of the Board of Directors, has decided that after four years' service, he will not be standing for re-election at the next General Meeting of Shareholders. The Board of Directors and Group Executive Board would like to thank him very much for his valuable contribution to the Company. The Board of Directors has also decided to give full responsibility for the leadership of Business Unit Buildings to Dr. Jens Vollmar, with effect from 1 February 2017. Jens Vollmar, who has worked for Implenia since 2013, took over operational management of the Business Unit in February 2016 under the lead of CEO Anton Afentranger.

Optimistic outlook

Implenia's strong acquisition performance is reflected in the Group's excellent order backlog amounting to CHF 5,172 million at end-December 2016, which matched the previous year's record level (2015: CHF 5,134 million). Implenia is, therefore, confident about 2017 and the years to come. This optimism is further fuelled by the operational progress the Group has made and by the fact that it has emerged stronger from 2016 in terms of both geographical reach and technical expertise. The acquisition of Bilfinger Hochbau has prompted Implenia to set itself a new goal. It is now aiming for a top-line volume of around CHF 5 billion in the medium term, and an EBITDA margin of between 5.25 and 5.75 percent. The 2017 EBIT target of CHF 140 to 150 million has been confirmed.

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2016 Annual Report

The 2016 Annual Report may be downloaded from the following link:

https://www.implenia.com/en/investor-relations/publications_1/financial-publications/2016.html

Media and analysts conference on the 2016 full-year results

Today, 23 February 2017, Implenía is holding an analysts' conference (9 – 10 a.m.; CET) and a press conference (10.30 – 11.30 a.m.; CET) on the 2016 annual results at the SIX Convention Point. The accompanying presentation is available to download [here](#).

Investors' diary

22 March 2017: 2017 Annual General Meeting of Shareholders

24 August 2017: Media and analysts' conference on the 2017 first-half results

Implenia is Switzerland's leading construction and construction services company. It also has strong positions in the German, Austrian and Scandinavian infrastructure markets. Established in 2006, Implenía can look back on around 150 years of construction tradition. It brings the expertise of its highly skilled sectoral and regional units together under the roof of a company active throughout Europe. With its integrated business model and specialists operating in all areas of construction, 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, currently employs more than 8,200 people around Europe and posted revenue of around CHF 3.3 billion in 2016. The company is listed on the SIX Swiss Exchange (IMPN, CH0023868554). More information can be found at www.implenia.com.

Key figures Group

	2016 CHF 1,000	2015 CHF 1,000	Δ	Δ like for like ⁴
Consolidated revenue	3,266,986	3,288,200	(0.6%)	(0.9%)
EBIT Business Units excl. PPA ¹	115,003	107,724	6.8%	6.4%
<i>in % of revenue</i>	<i>3.5%</i>	<i>3.3%</i>		
EBIT Business Units	103,710	86,173	20.4%	20.1%
<i>in % of revenue</i>	<i>3.2%</i>	<i>2.6%</i>		
Miscellaneous/Holding	(5,803)	(6,237)	7.0%	9.8%
Operating income	97,907	79,936	22.5%	22.5%
<i>in % of revenue</i>	<i>3.0%</i>	<i>2.4%</i>		
Consolidated profit	64,453	52,018	23.9%	24.0%
<i>in % of revenue</i>	<i>2.0%</i>	<i>1.6%</i>		
EBITDA	166,184	161,360	3.0%	2.6%
<i>in % of revenue</i>	<i>5.1%</i>	<i>4.9%</i>		
Free cash flow before acquisition of subsidiaries	30,057	103,561	(71.0%)	(70.3%)
Free cash flow	27,942	16,178	72.7%	77.3%
Cash and cash equivalents (as at 31.12.)	791,703	877,108	(9.7%)	(9.8%)
Financial liabilities (as at 31.12.)	415,406	489,002	(15.1%)	(15.4%)
Net cash position (as at 31.12.)	376,297	388,106	(3.0%)	(3.1%)
Invested capital (per 31.12.)²	293,993	273,531	7.5%	7.8%
Equity (as at 31.12.)	665,506	623,776	6.7%	6.8%
<i>Equity ratio in %²</i>	<i>25.3%</i>	<i>22.8%</i>		
Order book (as at 31.12.)	5,171,795	5,133,513	0.7%	0.8%
Production output	3,320,418	3,430,459	(3.2%)	(3.4%)
Headcount (FTE; as at 31.12.)	7,976	7,960	0.2%	
Earnings per share (in CHF)	3.27	2.64	23.9%	
Gross dividend (in CHF)³	2.00	1.90	5.3%	

¹ Excluding PPA from Bilfinger Construction

² The comparative information has been adjusted, see Annual Report 2016, page 210, note 2.3

³ 2015: Anniversary dividend of CHF 0.10

⁴ Foreign currency adjusted

Key figures segments

Development

	2016 CHF 1,000	2015 CHF 1,000	Δ
EBIT	36,983	36,303	1.9%
EBITDA	37,607	36,965	1.7%
Headcount (FTE; as at 31.12.)	50	49	2.0%

Switzerland

	2016 CHF 1,000	2015 CHF 1,000	Δ
Revenue	2,393,376	2,391,575	0.1%
EBIT	56,334	38,770	45.3%
<i>in % of revenue</i>	<i>2.4%</i>	<i>1.6%</i>	
EBITDA	76,812	60,499	27.0%
<i>in % of revenue</i>	<i>3.2%</i>	<i>2.5%</i>	
Order book (as at 31.12.)	2,637,186	2,648,111	(0.4%)
Production output	2,412,223	2,463,925	(2.1%)
Headcount (FTE; as at 31.12.)	3,757	3,855	(2.5%)

Infrastructure

	2016 CHF 1,000	2015 CHF 1,000	Δ
Revenue	475,558	418,915	13.5%
EBIT excl. PPA¹	14,473	17,497	(17.3%)
<i>in % of revenue</i>	<i>3.0%</i>	<i>4.2%</i>	
EBIT	8,340	8,099	3.0%
<i>in % of revenue</i>	<i>1.8%</i>	<i>1.9%</i>	
EBITDA	28,452	31,670	(10.2%)
<i>in % of revenue</i>	<i>6.0%</i>	<i>7.6%</i>	
Order book (as at 31.12.)	1,524,423	1,603,166	(4.9%)
Production output	516,057	507,514	1.7%
Headcount (FTE; as at 31.12.)	1034	931	11.1%

¹ Excluding PPA from Bilfinger Construction

International

	2016 CHF 1,000	2015 CHF 1,000	Δ
Revenue	683,566	708,997	(3.6%)
EBIT excl. PPA ¹	7,213	15,153	(52.4%)
<i>in % of revenue</i>	<i>1.1%</i>	<i>2.1%</i>	
EBIT	2,053	3,001	(31.6%)
<i>in % of revenue</i>	<i>0.3%</i>	<i>0.4%</i>	
EBITDA	18,242	28,462	(35.9%)
<i>in % of revenue</i>	<i>2.7%</i>	<i>4.0%</i>	
Order book (as at 31.12.)	1,006,204	878,596	14.5%
Production output	677,652	713,198	(5.0%)
Headcount (FTE; as at 31.12.)	2,010	2,096	(4.1%)

¹ Excluding PPA from Bilfinger Construction