

**What we achieved in 2014/2015**

Systematic development of our top managers', site managers' and construction unit managers' business skills.

**ONE**

"One Company" concept developed and applied in several pilot projects, e.g.:

- "sue&til" in Winterthur
- "Pont Rouge" in Geneva
- "Jardin du Paradis" in Biel
- "Halle 52" in Winterthur



Risk management integrated into projects across all phases of the construction process. Expansion of project controlling initiated.



Group's long-term funding secured by placing a bond worth 125 million as well as a subordinated convertible bond of 175 million. Syndicated loan increased to 650 million Swiss francs.

**2.0**

New version of the Implenia Management System developed for more efficient project control and management; used in 96 projects worth a total of almost 3.7 billion Swiss francs.

**Our goals for 2017**

- We are applying the new Implenia Management System IMS 2.0 to new projects.
- We are harmonising and establishing financial management processes and instruments throughout the group.
- Thanks to the "One Company" approach we are improving results, increasing customer satisfaction and enhancing the transparency of major projects.
- We are optimising liquidity management.
- We are standardising and reinforcing the Internal Control System (ICS).

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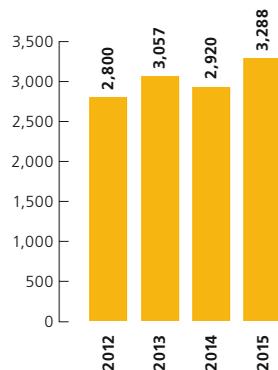
**Financial excellence**

Implenia adapts its structures and processes to market developments in order to stay competitive and exploit market opportunities. The Group maintains its freedom to do business as it sees fit and creates long-term value for stakeholders by carefully weighing up opportunities and risks.



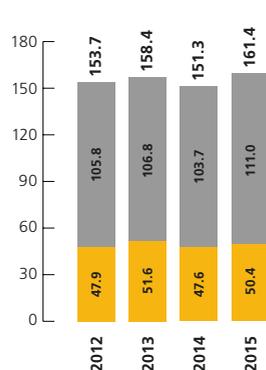
### Consolidated revenue

(in CHF million)



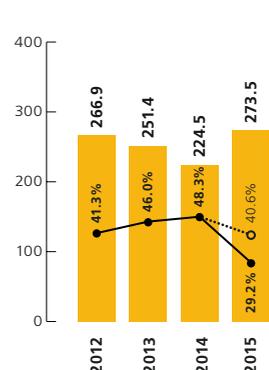
### EBITDA

(in CHF million)



■ 2nd semester  
■ 1st semester

### Return on invested capital (ROIC) (in %)



■ Invested capital (in million)  
● ROIC (operating income/invested capital)  
..... ROIC (excl. PPA)

6.1

## Creating value on solid foundations

Since its creation in 2006, Implenia has developed into a strong company with a comprehensive range of services, a well-positioned brand and a solid base in the Swiss market, as well as in Germany, Austria, Norway and Sweden. Implenia has a strong capital base by industry standards. Despite the Bilfinger Construction acquisition, return on invested capital in 2015 came to 29.2% (40.6% excluding PPA), which is significantly greater than the average cost of capital of 9.5%.

The company stands on solid financial foundations and in 2015 it once again generated positive economic value. The acquisition of Bilfinger Construction during the period under review increased the Group's total assets to CHF 2,731 million.

At the end of 2014 Implenia successfully placed a bond worth CHF 125 million, followed by a subordinated convertible bond worth CHF 175 million in mid-2015. In addition, the current syndicated loan was renewed early and increased by CHF 150 million to CHF 650 million, with a term extended to 2020. The renewal gives Implenia funding on better and more flexible terms. These moves have diversified the debt capital base, and brought Implenia's financial strength back up to the accustomed high level following the acquisition of Bilfinger Construction.

Over the last five years, all shareholders and stakeholders have benefited from the Group's growing net added value. By far the largest share of this has gone to employees in the form of wages and salaries. Implenia was also able to pay an attractive dividend in 2014, while in 2015 it paid an ordinary dividend of CHF 1.80 per share, as well as an anniversary dividend of CHF 0.10 per share.

### Order backlog

	31.12.2015	31.12.2014	Δ
	CHF 1,000	CHF 1,000	
Switzerland	2,648,111	2,025,744	30%
Infrastructure	1,603,166	646,532	148%
International & Miscellaneous/Holding	882,236	329,477	168%
<b>Total orders</b>	<b>5,133,513</b>	<b>3,001,753</b>	<b>71%</b>

### Production output

	2015	2014	Δ
	CHF 1,000	CHF 1,000	
Switzerland & Development	2,636,993	2,797,822	6%
Infrastructure	507,514	274,226	85%
International	713,198	415,513	72%
Miscellaneous/elimination of intra-Group services	(427,246)	(400,345)	7%
<b>Total production output</b>	<b>3,430,459</b>	<b>3,087,216</b>	<b>11%</b>



6.2

## Building up efficient processes

Implenia's business covers an extremely wide variety of activities – from financing to development to the construction of challenging buildings of all types and dimensions. The company thus devotes a great deal of attention to controlling and monitoring financial flows. It aims to increase profitability, achieve a sustainable growth in company value, keep its finances healthy and maintain appropriate levels of liquidity and capital.

In the construction business, where margins tend to be low, it's absolutely essential to have effective project and risk management appropriate to the company's financial situation. Implenia, for example, operates systematic risk management for projects where it is involved as total or general contractor (TC/GC). Depending on their size, it might work on such projects from acquisition all the way through to the issue of a guarantee. Risks are identified and quantified, and their likelihood and possible implications are mitigated with the appropriate measures.

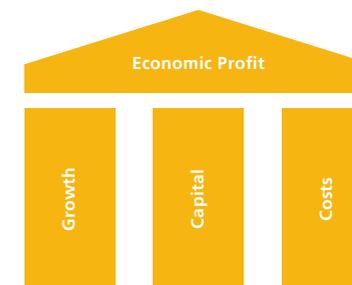
### Increasing added value through smart scheduling of construction projects

During the period under review Implenia focused even more on "Operational Excellence" – improving operational efficiency by networking systems, processes, know-how and personnel.

A good example was the company's decision to use an innovative procedure to install a lean concrete base as the foundation for a logistics centre in Dagmersellen, Canton Lucerne. Instead of using crane buckets to pour the foundation layer, which is the standard procedure, Implenia used a paver – a machine more commonly used for road building. With the paver it was possible to lay a 5,800 square metre, 10 centimetre thick concrete layer within a single working day. This innovative approach thus proved to be three times as fast as the conventional procedure.

The new method requires a continuous feed of construction materials. In the Dagmarsellen job this meant topping up the concrete every 11 minutes. It wasn't possible to keep to this timetable all the time in the pilot attempt, but by linking the laying process to the concrete delivery process, the project still achieved a huge increase in added value.

 Drone movie about scheduling the work process, 02:31



### Economic Profit: measuring added value

Implenia aims to create sustainable value. Using the concept of "economic profit", which was introduced in 2011, the company is working to constantly improve all three value drivers – capital, costs and growth.

As a listed company, Implenia prepares its accounts in accordance with commercial standards and in particular with IFRS (International Financial Reporting Standards). Implenia also has a comprehensive internal controlling system to further ensure the quality of its financial reporting. It has an independent unit carry out its internal audits, and brings in another organisation to do the external audit. It regularly publishes annual and interim figures in its annual and half-year reports, creating transparency for stakeholders and thus fostering trust.

In order to stay competitive for the long term, Implenia adapts its structures and processes as appropriate to the market, to business insights and to the latest technology. During the period under review, this led the company to restructure its operating units into four new segments: Development, Switzerland, Infrastructure and International. This has put Implenia in a position to serve the market more effectively and to use synergies within the Group. The application of management processes and new technologies such as Lean Construction, Building Information Modelling (BIM) and the Implenia Management System (IMS) 2.0 are also helping the company to run its business more efficiently.

Implenia has worked in accordance with the concept of value-oriented management since 2013, focusing not just on earnings but also on the value of the company. Implenia has established the economic profit concept in all of its Business Units.



### “One Company” model

The “One Company” model is based on three principles:



1

#### Complete focus on the project

The project, not the Business Unit, is central, in terms of management, dealing with project profit/loss and measuring attainment of goals.



2

#### Rigorous focus on the customer

We understand our customers and their needs: We offer them absolute reliability and clear communication.



3

#### Clear processes and greater efficiency

“One Company” projects are characterised by clear processes based on IMS 2.0 and more efficient execution thanks to Lean Management and BIM.

6.3

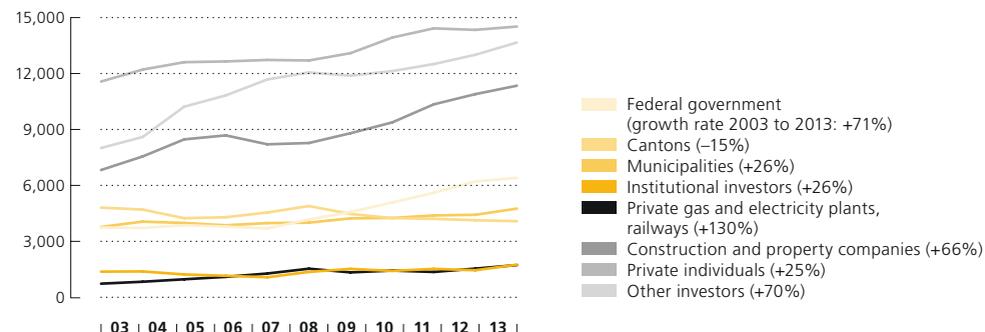
### Focused on customers

During the period under review the company strengthened cross-disciplinary collaboration by introducing the “One Company” approach, which focuses more strongly on the project rather than on the individual departments involved. Responsibility for larger projects is given to a joint project team formed by the participating Business Units and departments. “One Company” promotes cooperation within Implenia across all organisational and geographic boundaries, and brings the company closer to the customer.

To ensure this works smoothly, the project team is managed through a project-specific structure rather than through the operational line management organisation. The project team as a whole is responsible for the success of the project, and each department shares this responsibility. This also means that success is no longer measured when the project is handed over to the builders, as was traditionally the case. Instead the project developer remains on board until the project is complete and shares responsibility for the final outcome. This principle is taken further to encompass the measurement of each individual employee’s achievement.

### Public and private infrastructure spending, buildings and civil works

(in CHF million, 2003 to 2013)



Private and public construction expenditure increased by 42% from 2003 to 2013. Only cantonal construction spending was lower (-15%) in 2013 than in 2003. (Source: Federal Statistical Office)

6.4

### Swiss market trends

After years of continuous growth, the Swiss construction industry recently entered a consolidation phase. The abolition of the minimum euro rate by the Swiss National Bank at the beginning of 2015 further dampened the mood for construction investment across the country. However, thanks to its healthy finances and the progress it has made over the last few years, Implenia can look to the future with confidence.

Increased regulation has certainly made it harder for private individuals to fund a house purchase; but for institutional investors, residential property still represents a very attractive investment opportunity. In general, purchasing power remains high in Switzerland, the labour market is stable, financing conditions are attractive and there is unbroken demand from institutional investors. The fundamental data remains good for the housing market. Vacancy rates are still low, particularly in and around the big centres.

The volume of infrastructure construction declined during the reporting period. Several major projects came to an end and delays to new projects led to lower spending by the public sector. The Swiss government created a new fund called FABI to finance and develop railway infrastructure; this will help to revive the infrastructure sector over the coming years.