

Press release

Morges, 1 September 2015

ROMANDE ENERGIE GROUP HALF-YEAR RESULTS**Strong profits from business operations**

Romande Energie has reported another strong set of business results. Revenues and gross margin increased slightly, which in turn lifted both EBITDA and EBIT. However, a net loss recognised on associates and the strong Swiss franc relative to euro sapped net profit. Harnessing a strong balance sheet showing equity of CHF 1.6bn, the Group continues to invest in renewable-energy generation projects, network quality and the development of innovative new services.

The first six months of 2015 ended with a further increase in business profits at Romande Energie Group. Broadly stable revenues (+1%), amounting to CHF 289m combined with a 2% drop in procurement costs, produced a 4% increase in gross profit to CHF 147m. As a consequence, EBITDA and EBIT rose by 3% to CHF 78m and CHF 50m, respectively.

Better rainfall led to a 7% increase in output from Romande Energie Group's own power installations, relative to the same period last year, to 245 GWh, which accounted for 15% of customer demand.

Continued process optimisation and tight cost management limited the increase in operating expenses to 4% (CHF 70m) in spite of staff intake for new energy-related services.

Strong Swiss franc and Alpiq impairment charges

The abandonment of the minimum exchange rate by the Swiss National Bank (SNB) together with continued rock-bottom wholesale power prices forced Alpiq to book a total CHF 834m impairment charge for the first half of 2015. This impacted Romande Energie Group through its 29.7% equity interest in EOS Holding SA (EOSH), which owns 31.4% of Alpiq.

After taking into account the contribution of other associates, the net figure for share of profit from associates showed a loss of CHF 80m compared with a profit of CHF 4m in H1 2014.

Furthermore, the strong level of the Swiss franc gave rise to financial losses on the marking to market of forward currency transactions and assets held in foreign currencies, leading to a CHF 13m reduction in the net financial expense relative to the prior-year period.

Despite solid business profits, the negative contribution of associates and exchange differences obliged Romande Energie to report a net loss of CHF 52m as at 30 June 2015.

The Group's balance sheet is solid, with equity amounting to CHF 1.6bn.

Outlook

The power industry remains subject to a great deal of uncertainty in economic and political spheres. This is now being compounded by financial fallout from the current strength of the Swiss franc.

Against this backdrop, Romande Energie is working in more and more ways to increase efficiency while at the same time investing to develop its energy efficiency business.

As a result of these policies, for example, all customers will continue benefiting from highly competitive power tariffs (see press release issued on 31 August for details). Another facet is the advice and services that are being provided to households, businesses and local authorities in the areas of energy efficiency (such as energy audits and public lighting) and decentralised heat and refrigeration production from renewable sources (photovoltaic, heat pumps, district heating, etc.).

Although market conditions are weighing on profitability, Romande Energie continues to develop its own hydropower resources from a long-term vantage point. With a financial independence ratio of 75% as at 30 June 2015, the Group has substantial leeway to develop and bring many renewable-energy projects in Switzerland to fruition, and capitalise on opportunities to acquire power plants in France or Germany.

In July, Romande Energie became the sole proprietor of Forces Motrices du Grand-St-Bernard, whose hydroelectric output at the Toules dam and the Pallazuit power plant equates to the annual demand of more than 26,000 households, after it acquired the 25% shareholding that it did not already own.

Although the SNB's decision to remove the minimum exchange rate against the euro is having a sizeable adverse impact on the Group's results, Romande Energie expects – barring exceptional items – to achieve a full-year business performance in line with the first six months of this year.

Key figures, Romande Energie Group					
	H1 2015			H1 2014	% change
	Results before exceptional items	Exceptional item ¹	Results under IFRS		
Power distributed on the Group's network (GWh)	1,447		1,447	1,424	1.2
Power sold (GWh)	1,599		1,599	1,645	-2.8
Net revenues (CHF 000)	288,553		288,553	285,799	1.0
Gross profit (CHF 000)	147,225		147,225	141,977	3.7
EBITDA (CHF 000)	77,634		77,634	75,089	3.4
Depreciation and amortisation (CHF 000)	-27,409		-27,409	-26,509	3.4
EBIT (CHF 000)	50,225		50,225	48,580	3.4
Share of profit of associates (000)	-1,741	-77,889	-79,630	4,195	
Group net profit (CHF 000)	26,087	-77,889	-51,802	45,016	

¹ CHF 834m impairment charge recognised by Alpiq

The Interim Report of Romande Energie Group is available on the corporate website:

- in French: [rapport semestriel juin 2015](#)

- in English: [Interim Report 30 June 2015](#)

It can also be requested from the Romande Energie head office in Morges by calling +41 (0) 21 802 91 11 or by writing to info@romande-energie.ch

Notes to editorial desks

This press release is being issued outside the trading hours of the SIX Swiss Exchange as required by the SIX Listing Rules on ad hoc publicity.

Pierre-Alain Urech, CEO, and Denis Matthey, CFO, will be taking questions from financial analysts, investors and the media on **Tuesday 1 September between 9am and 11am CET**.

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Romande Energie at a glance

Romande Energie Group is the leading electricity distributor in Western Switzerland. Through its subsidiary Romande Energie Commerce, it supplies more than 300,000 end-customers directly in approximately 300 municipalities in the cantons of Vaud, Valais, Fribourg and Geneva. Its core business lines are the **generation**, **distribution** and **marketing** of power, alongside **energy services**.

Priorities are liaising with customers to ensure high-quality services in line with expectations; guaranteeing a reliable, sustainable and competitive supply of energy; developing proprietary power generation through priority investments in renewable energy; and promoting innovative energy-efficiency solutions.

Romande Energie's corporate social responsibility policy systematically guides its approach to business.

For more information on Romande Energie Group, visit www.romande-energie.ch