



Press release

Morges, 12 September 2019

ROMANDE ENERGIE GROUP HALF-YEAR RESULTS

Small increase in revenues, operating profit under pressure from external factors

Romande Energie Group's net revenues in the first half-year of 2019 rose by 1% to CHF 294.9m with respect to the same period in 2018, driven by encouraging revenue growth in energy services. EBITDA and EBIT were held back by external factors and declined to CHF 64.1m and CHF 32.4m respectively. After the sharp negative impact of the losses announced by the Alpiq group, the net book profit stood at CHF 12.6m for the first half-year of 2019.

Further growth in energy services revenues

Energy services continued to expand at a rapid pace. A combination of acquisitions, such as the purchase of Demierre Deschenaux SA, the spectacular expansion in district heating, including the entry into service of the Coppet system at the beginning of the year, and the ramp-up in organic developments delivered a 38% boost to the unit's revenues, which totalled CHF 43.4m.

External factors tarnish operating margin

More normal rainfall levels for the season cut power generation by the Group's own installations to 251 GWh, down 91 GWh from the level recorded in the same period last year, when high rainfall levels enabled the Group to sell large amounts of surplus energy into the market. In the first half of 2019, the Group's own generation installations covered 19% of customers' needs. The rest must be acquired on the open market and, because of that, the Group hedges the purchase price of this power approximately 18 months in advance. This practice had a negative impact on profits during the period under review because the hedged prices were higher than previously. In addition, following the downward trend in market prices in the initial months of 2019, the profit in the first half of 2018 at the 41% owned Hongrin-Léman power plant shifted to a loss in the period under review. All in all, Romande Energie Group's gross operating profit declined by 4% to CHF 147.9m.

Lower EBITDA and EBIT

The impact of the predominantly external factors discussed above sparked a 17% decrease in EBITDA to CHF 64.1m. The Group's depreciation and amortisation expense edged higher owing mainly to the entry into service of new district-heating systems. EBIT came to CHF 32.4m, down 32% compared with the same period last year.

Net profit depressed by Alpiq's losses

Romande Energie Group holds an interest in EOS Holding, which in turn owns 31.4% of the Alpiq group. In the first half-year, the CHF 206m in losses reported by Alpiq had a negative impact of CHF 19.3m on net profit. This explains largely why Romande Energie Group reported net profit of CHF 12.6m, down CHF 16.2m versus the same period last year.

Change in accounting principles

Since 1 January 2019, Romande Energie Group has prepared its consolidated financial statements under Swiss GAAP FER. Accordingly, the 2018 financial statements have been restated to provide an identical base of comparison for the 2019 figures. As stated in the 2018 annual report, an accounting error was identified in late 2018 and confirmed in January 2019. The table of key figures for the first half of 2018 has thus been restated to put the figures on a comparable basis.

Outlook

Pierre-Alain Urech handed over the reins to Christian Petit, the Group's new Chief Executive Officer, on 1 June 2019. Under the Strategy 2018-2023, the Group intends to continue innovating in renewable energies, as illustrated by the floating solar farm on the Lac des Toules (Bourg-St-Pierre, Valais canton) and new ideas to help customers such as the Jardin Solaire self-generation solution.

Romande Energie Group has to contend with highly unstable business conditions and an uncertain outlook, whether this concerns currency and energy markets or the economies of Switzerland and its neighbouring countries. Its Strategy 2018-2023, under which it is diversifying business activities and making additional investments, aims to maintain its position as a key player in the shift towards cleaner energy in Western Switzerland.

Key figures of the Romande Energie Group (according to Swiss GAAP FER)

	H1 2019	H1 2018 adjusted	% change
Power distributed on the Group's network (GWh)	1,432	1,434	-1%
Power sold (GWh)	1,278	1,454	-9%
	CHF 000	CHF 000	%
Net revenues	294,875	291,531	1%
Gross profit	147,947	153,371	-4%
EBITDA	64,081	77,403	-17%
Depreciation and amortisation	(31,634)	(29,653)	-7%
EBIT	32,447	47,750	-32%
Share of profit of associates	(14,243)	(7,846)	82%
Net profit for the period	12,634	28,896	-56%

The Interim Report of Romande Energie Group is available on the corporate website (French version only):

[Rapport semestriel](#)

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.

Christian Petit, CEO, and Nicolas Conne, Acting CFO, will be taking questions from financial analysts, investors and the media on **Thursday 12 September between 8am and 10am CET**.

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Romande Energie at a glance

Romande Energie Group is the leading supplier of electricity in Western Switzerland and a mainstay in the Swiss energy industry. It offers several sustainable solutions for the distribution and generation of electricity in addition to energy services, which include energy efficiency and electromobility.

All its generation assets are driven by renewable sources of energy. Additionally, it is working hand in hand with customers, investors and employees to provide ever-better standards of living through innovative services and a commitment to corporate social responsibility. Romande Energie is dedicated, day in day out, to offering high-grade services and security of supply, just as customers expect, as well as supporting them in transitioning to more sustainable forms of energy.

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