



Press release

Morges, 31 March 2015

2014 results of Romande Energie Group

Excellent operating results tarnished by loss from associates

Romande Energie Group finished 2014 with its best operating results in ten years, with EBITDA and EBIT gaining by 22% and 37%, respectively, amid an increasingly competitive energy market in which framework conditions are still shrouded in uncertainty. However, this excellent performance was offset by a share in the net profit of associates at CHF -243m. A net loss of CHF 147m was therefore reported for 2014, on a 0.9% increase in revenues to CHF 583m.

Net revenues achieved by Romande Energie Group in 2014 amounted to CHF 583m. The small increase relative to the previous year, specifically 0.9% or CHF 5m, stemmed from the 3.7% increase in distribution revenues, owing to the increased regulated return on the power grid announced by the Federal Council in 2013. In 2014, customers benefited from a 3% decline in regional grid prices thanks to Romande Energie's efforts to keep expenses in check and improve installation efficiency.

Additionally, continued falls in electricity prices and reduced end-customer demand resulted in a decline of 12.6% to CHF 190m in total energy-purchasing costs. Power generation by the Group's own installations fell by 14% in 2014 as weather conditions were less supportive than in 2013. This represented 14% of total power distributed by Romande Energie to its customers.

The aforementioned factors account for the strong 11.3% rise in 2014 gross profit to CHF 289m. Concurrently, operating expenses were kept under control, rising by only 1.5% to CHF 140m. These highly positive results from operations led to a material increase in Group EBITDA of 22.3%, or CHF 27m, to CHF 150m. Similarly, EBIT rose by 36.5%, or CHF 25m, to CHF 94m.

Sizeable impairment charges relating to Alpiq's business

The decrease in market power prices in 2014 forced Alpiq group to write down the value of assets by CHF 1bn after tax. Consequently, EOS Holding SA (EOSH) reassessed the value of its 31.4% equity interest in Alpiq, resulting in a further impairment charge of CHF 360m. Since Romande Energie Group owns 29.7% of EOSH, the impairment charge relating to Alpiq adversely impacted its income statement by CHF 190m.

Market trends in 2014 also led Romande Energie to book an impairment charge in association with its holding in Forces Motrices Hongrin-Léman SA (FMHL), for an amount of CHF 58m.

Profit from associates represented CHF 5m, resulting in a net figure of CHF -243m carried to Romande Energie Group's 2014 financial statements.

As a result of these substantial impairment charges, Romande Energie Group was forced to report a net loss of CHF 147m for 2014 despite strong growth in operations. Despite this loss, the shareholders' equity of Romande Energie Group stood at CHF 1.7bn as at 31 December 2014.

Based on the strong results from Group operations and a determination to maintain its dividend policy, the Board of Directors will recommend payment of an ordinary dividend of CHF 30 per share, which is unchanged from 2013. This proposal will be submitted to shareholders at the Annual General Meeting of Romande Energie Group, which will take place on 26 May at the SwissTech Convention Center in Eublens.

Outlook for 2015

For some years, an increasing number of factors have been changing the face of the power industry, and at an increasingly rapid rate. Concurrently, framework conditions are shrouded in uncertainty. These range from EU negotiations towards an energy agreement and the announcement of full market liberalisation to implementation of the Confederation's Energy Strategy 2050 and grid policy.

The fundamental facets of its business strategy have kept Romande Energie Group on course even though industry conditions are in a state of flux. Barring exceptional items, the Group expects 2015 operating profits to be in line with figures reported for 2014.

Energy Services

Through its Energy Services business unit, which began operations on 1 January 2014, Romande Energie has been working towards its objective of becoming the reference partner in Western Switzerland for all energy-related issues, offering services in regard to building energy systems, lighting systems, advisory services and thermal systems. This business unit will continue intensifying and diversifying its operations. For example, it recently launched a photovoltaic offer for residential customers in addition to the current line of solar thermal installations, heat pumps and district heating systems.

Generation

Taking a long-term view, Romande Energie is pursuing a strategy to expand proprietary generation capabilities, assigning top priority to power plants running on renewable energies and submitting each and every project to a detailed risk analysis that takes into account the profitability margin set by the Board of Directors. An investment budget of almost one billion Swiss francs supports a host of generation projects in Switzerland as well as acquisitions in France and Germany. Notable in this regard is the purchase of a seven-turbine wind farm, situated in Brittany, in September 2014.

Networks

Romande Energie is still investing substantially every year (some CHF 50m) to maintain and update its distribution infrastructure. One key goal is configuring grids to handle the sharp increase in decentralised generation installations. Romande Energie is also involved in the Swiss smart-grid project. Lastly, it is deploying its own optical fibre network. The Networks business unit continues to improve processes and customer interfaces as a way of strengthening performance and further reducing the impact of its operations on electricity tariffs.

Customer relations

Thanks to a business strategy in force since 2013, Romande Energie is able to meet customer expectations with increasing efficiency by providing a greater amount of innovative information and services across all its business lines. However, at the same time, the end result for customer must be quality and simplicity, while remaining competitive.

Euro–Swiss franc exchange rate

The abandonment of the euro-franc minimum exchange rate by the Swiss National Bank on 15 January 2015 has produced a surge in the exchange value of the Swiss franc, which is the Group's reporting currency. This will have a negative impact on the translation of the financial statements of entities whose functional currency is the euro. It will also affect some cash balances. Euro depreciation offers the advantage of strengthening the Group's competitive position in terms of open-market offers, to the benefit of its customers. Based on the picture in late March 2015, however, the Group's operating profit is unlikely to be materially affected.

Key figures, Romande Energie Group			
	2014	2013	% change
Power distributed on the Group's network (GWh)	2,802	2,899	-3.3
Power sold (GWh)	3,265	3,171	3.0
Net revenues (CHF 000)	582,769	577,814	0.9
Gross profit (CHF 000)	289,469	260,122	11.3
EBITDA (CHF 000)	149,866	122,579	22.3
Depreciation and amortisation (CHF 000)	55,767	53,662	3.9
EBIT (CHF 000)	94,099	68,917	36.5
Share of profit of associates (CHF 000)	-243,332	7,075	n/a
Group net profit (CHF 000)	-147,149	67,922	n/a

The annual report, the financial statements of Romande Energie Holding SA and the financial statements of Romande Energie Group, along with the auditor's reports, will be available for inspection by shareholders from 23 April 2015 at the registered office of Romande Energie Holding SA, rue de Lausanne 53, 1110 Morges. They will also be consultable on the Company's website: [Annual report](#)

From this date, reports can also be sent to shareholders requesting copies in either electronic or paper form.

The financial statements are available as from now, in electronic or paper format: [Financial report](#)

The corporate governance report will be available at a later date at the following address: [Corporate governance](#)

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 available to take questions:

From the media

At the press conference starting at 11.00 am (arrival possible from 10.45 am) on Tuesday 31 March at the Hotel Mirabeau, Lausanne (Avenue de la Gare 31).

From analysts and investors

- On Tuesday 31 March:
 - Between 7.30 am and 8.30 am. Please call the following number to participate: +41 (0) 21 341 42 76
 - At 8.30am, at the Hotel Mirabeau, Lausanne (Avenue de la Gare 31)
- On Wednesday 1 April at 10 am in the Au Premier conference room, Zurich main station.

Contact

Karin Devalte
Head of Communications

Direct line: +41 (0) 21 802 95 67
Mobile: +41 (0) 79 386 47 67
Email: karin.devalte@romande-energie.ch

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 together with 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