



## Press release

Morges, 12 September 2017

### ROMANDE ENERGIE GROUP HALF-YEAR RESULTS

## **Solid balance sheet despite lower earnings**

**Romande Energie Group's revenues in the first half of 2017 declined by 5% to CHF 277m. Gross profit dipped by 4% to CHF 136m. This resulted chiefly from reduced residential power tariffs and substantially lower demand from all customers on account of the especially mild conditions last winter. Net profit amounted to CHF 34m, down CHF 21m relative to the prior-year period. Harnessing a strong balance sheet showing an increase in equity to CHF 1.7bn (compared with CHF 1.6bn one year earlier), the Group continues to invest in renewable energy generation projects, network reliability and innovative new services.**

### **Lower power prices and a weather-driven reduction in energy consumption**

Revenues reported by Romande Energie Group for the first six months of 2017 fell by CHF 15m, or 5% relative to the same period in 2016, to CHF 277m. Mild winter conditions led to a significant reduction in demand for electricity from both residential and unregulated-market customers. In addition, customers paying regulated power prices were given a 2% reduction in per-kWh rates.

### **Sparse precipitation slows down generation from own facilities**

In addition to mild winter temperatures, business was also affected by especially low precipitation in the early part of 2017, in stark comparison to the high levels witnessed in 2016. The proportion of electricity produced from the Group's own installations dropped by 40% compared to the prior-year period.

### **Alpiq reports loss**

The Group's share of profit from associates resulted in a net loss in this line item of CHF 5m, representing a deterioration of CHF 8m. This was primarily the result of a CHF 109m loss booked by Alpiq. Although EOS Holding reported positive figures, the cumulative effect of Alpiq and EOS Holding weighed down consolidated half-year results by CHF 7m.

## **Promising prospects for energy services**

Capital investment and revenue growth continue apace in the various business lines relating to energy services. Together with the acquisition of Neuhaus Energie SA, this progress has pushed the Group's other income up by CHF 5m, or 18% relative to H1 2016, to CHF 34m.

## **Lower EBITDA and EBIT**

No exceptional items were booked to personnel expenses in the first six months of 2017. By contrast, a one-time tax credit of CHF 12m had been recognised in 2016 following a reduction in the pension-plan conversion rate. The hiring of skilled staff to support the business development of energy services also led to higher payroll costs in comparison to the year-earlier period. Lower gross margin earned on energy and higher personnel expenses reduced EBITDA by 23% to CHF 64m and EBIT by 35% to CHF 37m in the first six months of the year.

## **Consolidated half-year results and resilient balance sheet**

Based on the above, Romande Energie Group reported a net profit of CHF 34m for the first half of 2017, a decline of CHF 21m relative to the same period in 2016. However, the Group's balance sheet remains solid, with equity attributable to shareholders of the parent company amounting to CHF 1.7bn. Moreover, while market capitalisation was unchanged at CHF 1.3bn, the financial independence ratio advanced by 4 points to 81% relative to 30 June 2016 and by 3 points relative to 31 December 2016.

## **Outlook**

Despite its healthy economy, Switzerland today finds itself in a complex situation, at a time when global economic and political conditions are themselves highly uncertain. The Swiss power industry remains subject to hazy regulatory conditions that must be more clearly stipulated, although it is guided broadly by the Confederation's Energy Strategy 2050. Aware of this trend, Romande Energie Group intends to continue developing its energy efficiency and services business.

The Group is convinced that the future resides in a healthy balance between consumer energy independence and guaranteed supply. It intends accordingly to increase the number of renewable generation facilities both abroad and in Switzerland – plans which are substantiated by the Group's solid financial independence ratio. For example, French company Pluzunet SAS joined the Group in July this year.

Excluding one-off items and unfavourable swings in both the power price and the EUR/CHF exchange rate, Romande Energie Group expects a full-year business performance in line with the first six months of 2017.

## Key figures, Romande Energie Group

	H1 2017	H1 2016	% change
Power distributed on the Group's network (GWh)	1 434	1 452	-1.2
Power sold (GWh)	1 455	1 901	-23.5
Net revenues (CHF 000)	276 937	291 683	-5.1
Gross profit (CHF 000)	136 453	141 408	-3.5
EBITDA (CHF 000)	64 423	83 532	-22.9
Depreciation and amortisation (CHF 000)	-27 062	-26 125	3.6
EBIT (CHF 000)	37 361	57 407	-34.9
Share of profit of associates (CHF 000)	-5 150	2 604	n/a
Group net profit (CHF 000)	34 039	55 322	-38.5

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

- - in French: [Rapport semestriel](#)
- - in English: [Interim Report](#)

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](mailto:info@romande-energie.ch).

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### 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 12 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 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](http://www.romande-energie.ch)**