



## **Press release**

*Morges, 10 April 2017*

### **Romande Energie Group 2016 results**

## **Strong results**

**For the first time ever, the revenues of Romande Energie Group broke the CHF 600m barrier. Though down slightly amid fierce deregulated-market competition, gross profit, EBITDA and EBIT were all respectable. For the full year, net profit amounted to CHF 114m compared with CHF 1m in 2015. Solid shareholders' equity of CHF 1.7bn gives the Group the means to enact its ambitions in renewable-power generation, energy services and innovation.**

The net revenues of Romande Energie Group amounted to CHF 602m in 2016, virtually unchanged relative to the previous year (+0.3%). Revenues from the distribution and marketing of electricity rose by 0.4% and 2.5%, respectively, reflecting a marginal increase in power supplied to customers and wholesale-market transactions.

Heavy rainfall in 2016 lifted output at the Group's own generation facilities, which advanced by 28.3% to 517m kilowatt hours. Consequently, proprietary power generation accounted for 14% of the electricity supplied by Romande Energie to its customers. Operating expenses contracted by 6.3%, or CHF 9m, as a result of lower personnel expenses, in turn reflecting a drop in pension-fund costs.

### **Solid EBITDA and EBIT**

Gross profit edged down by 6.4%, or CHF 19m, to CHF 285m amid an erosion in profit margins on the deregulated market. Gross profit also reflected the early restitution of the concession operated by Forces Motrices du Grand-Saint-Bernard (FGB SA), which since early 2016 has been 36% owned by Romande Energie, and a decline in other income, a line representing exceptional items.

Despite the marginal decline in EBITDA and EBIT, at CHF 151m (-6.4%) and CHF 97m (-7.1%), respectively, these are still encouraging results when considering the increasingly stretched conditions in the market.

### **Net profit up from CHF 1m to CHF 114m**

In 2016, the share of profit from associates reverted to positive territory, at CHF 29m compared with a loss of CHF 72m in 2015 arising from impairment charges booked by Alpiq. As a reminder, Romande Energie Group holds a 29.7% interest in EOS Holding SA (EOSH), which in turn owns 31.4% of Alpiq.

For the full year, net profit amounted to CHF 114m compared with CHF 1m in 2015. Equity attributable to holders of the parent increased by 3.3%, or CHF 55m, to CHF 1.7bn.

### **Higher share price and dividend**

In 2016, the price of the Romande Energie registered share advanced by 34% to quote at CHF 1,285 on 31 December 2016, while the benchmark SPI (Swiss Performance Index) fell

by 1.41%. This outperformance is the product of Romande Energie's financial sturdiness and its solid financial results in 2015 and 2016.

At the Annual General Meeting, taking place in Morges on 30 May, the Board of Directors will recommend payment of an ordinary dividend of CHF 36 per share. This recommended increase of 9%, or CHF 3, signals the Group's intention to continue pursuing a dividend policy that makes the Romande Energie Holding SA share profitable to hold and attractive to buy. If this amount is approved by shareholders, the total dividend payout will be CHF 37.1m, based on the total number of shares outstanding.

### **Outlook for 2017**

Even though the Swiss economy is in good shape relative to other countries, the operating environment in the national energy sector is shrouded in uncertainty. The main reason is that implementation of the 2050 Energy Strategy will depend on garnering popular approval on 21 May, when the country will vote in a referendum. Another is the Federal Council's decision again to defer the date for full deregulation of the Swiss power market and to make this contingent upon achieving an industry agreement with the EU, in the context of bilateral negotiations.

The wholesale market experienced sharp fluctuations in 2016 but levelled out towards the end of the year. Prices remain low on a ten-year comparison. Even though the result is cheaper procurement, which is benefiting the Group's customers this year in the form of a further decrease in regulated tariffs, these market conditions are also reducing the profitability of hydropower plants – which are a mainstay of the Swiss power-generation industry.

Despite this instability, the generation division remains essential for securing a steady power supply for customers over the long term. Power plants are also a strategic asset creating value in the long run. Consequently, encouraged by a solid financial-independence ratio, Romande Energie remains on the lookout for opportunities to buy installations in Switzerland or abroad. At the same time, it continues to optimise its power facilities and develop renewable-power projects.

With decentralised production facilities becoming increasingly common, Romande Energie is continually adapting its networks, introducing new digital solutions that are moreover driving a lasting shift in its businesses. Another innovation, smart energy, has the potential to provide high-end services to customers. Because of the wealth of opportunities that are likely to result, the Group has already defined a smart-energy strategy and the investments required for it to be enacted.

Energy services is another area affording huge growth potential for the Group, which it is seizing through Romande Energie Services SA, a subsidiary formed in July 2016. Romande Energie Services offers a wide range of innovative turnkey solutions in PV and thermal solar energy, ventilation, air-conditioning as well as electrical installations (lighting, home automation, telecommunications and IT) and heating systems (including heat pumps and district heating). As attested to by the outright acquisition of Neuhaus Energie (Echandens, Vaud canton) in January 2017, the Group plans to rely on acquisitions as well as organic growth to achieve its ambition to be a top-three provider of energy services in Western Switzerland by 2020.

Based on the above information, and barring exceptional items, the Romande Energie Group expects full-year operating profits in 2017 to be in line with numbers reported for 2016.

Key figures, Romande Energie Group					
	2016	2015			% change
Power distributed on the Group's network (GWh)	2,831	2,819			0.4
Power sold (GWh)	3,666	3,110			17.9
	Results under IFRS	Results before exceptional items	Exceptional item <sup>1</sup>	Results under IFRS	
Net revenues (CHF 000)	602 025	599 964		599 964	0.3
Gross profit (CHF 000)	285 100	304 522		304 522	-6.4
EBITDA (CHF 000)	151 189	161 611		161 611	-6.4
Depreciation and amortisation (CHF 000)	-54 023	-57 014		-57 014	-5.2
EBIT (CHF 000)	97 166	104 597		104 597	-7.1
Share of profit of associates (CHF 000)	29 469	5 646	-77 631	-71 985	n/a
Group net profit (CHF 000)	113 574	78 869	-77 631	1 238	n/a

<sup>1</sup> Impairment and other exceptional items recognised by Alpiq (CHF 876m in 2015)

The Annual Report, the financial statements of Romande Energie Holding SA and the consolidated financial statements of Romande Energie Group, together with the reports of the statutory auditors, are available to shareholders from today, 10 April, at the following link: [Rapport annuel](#)

The report may also be sent to shareholders requesting a printed copy.

The English translation is accessible by using the following link: [Annual report](#)

## 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 11.00am (arrival possible from 10.45am) today, Monday 10 April, at the Hotel Mirabeau, Lausanne (Avenue de la Gare 31).

### From analysts and investors

- Monday 10 April 2017
  - Between 7.30am and 8.30am. 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)
- Tuesday 11 April at 10.00 am in the Au Premier restaurant, Hauptbahnhofplatz 15, Zurich.

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