



Press release

Morges, 5 September 2018

ROMANDE ENERGIE GROUP HALF-YEAR RESULTS

Increased revenues and operating profits

Romande Energie Group's net revenues in the first half-year of 2018 rose by CHF 15m to CHF 292m, representing a 5% increase with respect to the same period in 2017. Energy services continued to expand at a rapid rate, exhibiting a 57% increase in sales and substantial growth in the district heating business. Following high rainfall during the period under review, the Group was able to cover 24% of its energy needs through power generated by its own installations. As a result, the Group's EBITDA grew by 20% to CHF 77m and EBIT increased by 34% to CHF 50m.

Exceptionally high rainfall

Power generation by the Group's own installations was boosted by exceptionally high rainfall in the first six months of 2018, following a below-average year in 2017 in this respect. Proprietary generation increased by 66% relative to the same period in 2017 to 342 GWh, representing 24% of the Group's energy needs. As a result, the Group purchased 150 GWh less energy on the wholesale market, reducing procurement costs by CHF 9m.

Robust growth in energy services

The headway made by the energy services business – driven by both strong organic growth and the acquisition of PolyForce SA in Bulle and Thermoréseau Avenches SA – propelled Other income to CHF 38m, representing an increase of 57%. Romande Energie completed multiple large-scale projects, including a district-heating network in Avenches, connected to 200 buildings and the new school and sports complex. Another project, in Morges, harnesses energy by running waste water from the treatment plant through a heat exchanger to provide customers with heat or cooled air.

Lower power tariffs in 2018

Per-kWh prices for regulated-market customers were reduced by 5% on average, causing energy revenues to dip by CHF 5m, or 4%, to CHF 106m.

Higher EBITDA and EBIT

Brisk revenue growth, coupled with lower procurement costs, increased both EBITDA and EBIT by CHF 13m, resulting in respective increases of 20% and 34% to CHF 77m and CHF 50m.

Half-year earnings

For the first six months of 2018, Romande Energie Group reported a net profit of CHF 31m, which was CHF 3m lower than in the year-earlier period. The reason for this decline is twofold: first, the CHF 124m loss booked by Alpiq, which lowered the Group's earnings by CHF 11m (Romande Energie Group holds a 29.7% interest in EOS Holding, which in turn owns 31.4% of Alpiq); secondly, a tax expense unmitigated by tax income, after the overall tax charge in 2017 was reduced by the use of loss carryforwards.

Outlook

The Group's goal is to facilitate and hasten the energy transition in Switzerland, with the help of a new strategy that has already yielded key advancements such as the Group's investments in district heating and energy-service companies. The Group has also recently started offering microgrid contracting services and producer-consumer networks. So far, the response to new services such as these has been encouraging.

In addition, Romande Energie Group joined forces with two electricity distributors in German-speaking Switzerland, Genossenschaft Elektra Birseck (EBM AG) and Elektrizitätswerke des Kantons Zürich (EKZ AG), to establish a company managing customer relations. This represents a significant step towards reducing operating costs and further digitalising customer relations and basic power sales.

Furthermore, plans to reduce operating costs by CHF 20m between now and 2020 are on track.

While the Group is powering ahead, the legal backdrop is still in a state of flux due to the ever-changing requirements arising from Switzerland's Energy Strategy 2050. What impact this could have on the Group's financial results is still hazy. Circumstances among our neighbours do not offer much in the way of certainty or stability either.

Finally, the high rainfall that buoyed the Group's 2018 half-year results is unlikely to continue in the latter six months of the year. Barring one-off items or a downturn in the electricity market, Romande Energie expects its operating results to be lower in the second half of 2018 relative to the first six months of the year.

Key figures, Romande Energie Group

	H1 2018	H1 2017	% change
Power distributed on the Group's network (GWh)	1,434	1,435	-0.1
Power sold (GWh)	1,454	1,455	-0.1
Net revenues (CHF 000)	295,531	276,937	5.3
Gross profit (CHF 000)	153,371	136,453	12.4
EBITDA (CHF 000)	77,283	64,423	20.0
Depreciation and amortisation (CHF 000)	-27,340	-27,062	1.0
EBIT (CHF 000)	49,943	37,361	33.7
Share of profit of associates (CHF 000)	-8,164	-5,150	58.5
Group net profit (CHF 000)	30,889	34,039	-9.3

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.

Pierre-Alain Urech, CEO, and Denis Matthey, CFO, will be taking questions from financial analysts, investors and the media on **Thursday 6 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. These priorities dovetail with the Group's vision of facilitating and hastening the energy transition in Switzerland.

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