



## **Press release**

*Morges, 5 September 2022*

### **Romande Energie Group 2022 half-year results**

**Romande Energie Group has reported mixed results for the period, reflecting historically low rainfall, sharp increases in energy prices and Alpiq, which booked a non-cash accounting adjustment that severely depressed the Group's net result.**

Energy Solutions helped drive a sharp increase in revenues. In contrast, the operating profit of this business unit suffered the effects of historically low rainfall, requiring energy purchases at high market prices. Even so, Romande Energie was able to withstand these difficult conditions thanks to strong business diversification.

The Group continues to pursue its strategy of investing CHF 1.4 billion out to 2026 to help speed up Switzerland's energy transition. To fund this strategy, it issued a Green Bond in June 2022, raising CHF 100 million, and has secured several credit facilities totalling CHF 227 million.

- Revenues grew sharply, climbing by 16% to CHF 347 million, while EBIT was down 23% to CHF 24 million relative to the first six months of 2021.
- Excellent operating results were achieved by the Forces Motrices Hongrin-Léman (FMHL) hydropower plant and by wind and hydro assets in France (CHF +14 million), which helped curb the need for expensive wholesale purchases (CHF -21 million) arising, among other factors, from the hydropower shortfall caused by the low rainfall in the first half of this year.
- A net loss of CHF 46 million was reported, heavily impacted by the result of Alpiq, which had a negative impact totalling CHF 70 million as a result of a temporary timing mismatch. Excluding this holding, the Group's net profit was CHF 24 million.
- Cash flow from operations was CHF 45 million, while the net cash position was stable at CHF 84 million.
- To continue pursuing the development of fully renewable generation assets and the CHF 1.4 billion investment strategy, a Green Bond was issued in June, raising CHF 100 million.

### **Sharp increase in revenues**

Revenues increased by 16% to CHF 347 million, up from CHF 299 million in the first half of 2021, driven by Energy Solutions, with its revenues advancing by 35% to CHF 180 million. This business unit's revenues were lifted by its shareholding in FMHL and wind and hydro installations in France, plus forward sales of power. Adjusted for this last item, Energy Solutions revenues rose by 18%. Revenues at the Grids business unit made further headway (up 10% to CHF 130 million). The Romande Energie Services business unit continued to consolidate business positions, with revenues staying above the CHF 60 million mark (-3%).

### **EBIT eroded by two temporary factors**

Romande Energie generated EBIT of CHF 24 million in the first half of 2022, representing a decrease of 23% relative to the prior period. This was mainly fuelled by the sharp drop in generation from its own hydro installations in the period under review, caused by historically low rainfall. This energy shortfall had to be counterbalanced by purchasing electricity at high market prices, which reduced the energy profit margin by CHF 16m. Concurrently, the electricity tariffs applied for 2022 were unchanged for regulated customers relative to 2021 despite the surge in power prices during the second six months of 2021. This was because the next year's tariffs had to be publicly announced by 31 August 2021 at the latest. This pricing policy negatively impacted gross profit by some CHF 5 million. However, the impact of these two items is temporary and will be taken into account when calculating future electricity tariffs.

The decline in EBIT was cushioned by the strong operating performance from generation assets selling at market prices, namely the FMHL installation (CHF +8m) and hydro and wind power installations in France (CHF +6m) and the steady performance by the Grids business unit. As a result of the surge in energy prices and thus its revenues, the Group's EBIT margin narrowed to 7% versus 11% in the same period last year.

### **Firm grip on operating expenses**

In line with forecasts, personnel expenses advanced by 5% in the first six months of 2022, reflecting the intake of 63 staff members. Total headcount was 1,209 as at 30 June 2022. Other operating expenses dipped by 1% to CHF 31 million versus the prior period.

### **Major impact from Alpiq on net profit**

Romande Energie reported a net loss of CHF 46 million for the first six months of the year because of the combined results of EOS and Alpiq, which had a cumulative negative impact of CHF 69 million resulting from a temporary timing mismatch for Alpiq. Excluding this holding (Romande Energie owns 29.71% of EOS Holding SA, which in turn owns a 33.33% stake in Alpiq), net profit came to CHF 23 million. On 25 August 2022, Alpiq reported EBITDA before exceptional items of CHF 114 million, which was higher than in the same period of 2021, but took a net loss of CHF 592 million, which included "measurement-related adjustments to financial hedges of CHF -857 million". This timing mismatch arising from the recognition of energy derivatives is due to be reversed in large part by the end of 2024.

In view of market trends, Alpiq expects growth in full-year 2022 EBITDA before exceptional items, but "cannot assume with certainty that it will achieve a positive net result (IFRS) by the end of the year."

During the first six months of 2022, the operating profit from renewables businesses at EOS Group increased sharply to CHF 16 million, even though the downtrend in the EUR/CHF exchange rate during this period reduced revenues generated outside Switzerland. The contribution to the results of Romande Energie Group was CHF 1 million during the period.

### **Operating cash flow at CHF 45 million and solid balance sheet**

Romande Energie Group remains in a solid financial position. Cash and cash equivalents stood at CHF 84 million, with no significant use of external financing. The strong operating results in the first six months generated cash flow of CHF 45 million.

## Green bond raises CHF 100 million to finance energy revolution

Romande Energie has continued investing in grid development and renewable assets, committing CHF 59 million in the first six months of 2022.

This investment reflects Romande Energie's policy of leading the decarbonisation drive in Western Switzerland through a multi-faceted programme to help customers embark on the vital energy transition. Unveiled in September 2021, this strategy will result in a sizable investment totalling CHF 1.4 billion out to 2026, financed by cash resources and the cash flow generated by the Group, by co-investments and by external funds.

Part of this process was the issue by Romande Energie Holding SA of a 15-year Green Bond in June 2022, raising a total of CHF 100 million. The Green Bond is listed on the SIX Swiss Exchange and became tradable on 15 July 2022. The Group has also secured several credit facilities totalling CHF 227 million.

These arrangements will enable Romande Energie to cover its long-term investment requirements while continuing to expand in fully renewable energies – from hydro, solar and wind power to geothermal and district heating, which is also likely to have a positive impact on Group EBIT in the years ahead.

## Outlook

For the full year, Romande Energie Group has reiterated its forecast of marginally higher EBIT than in 2021, barring the occurrence of exceptional economic, weather-related and geopolitical events.

Separately, the climate of uncertainty hanging over both electricity market prices and the timely supply of materials is giving rise to risks that could materially impact the full-year results and capital expenditure of Romande Energie Group.

Key figures, Romande Energie Group, 30 June 2022 CHF thousands	30 June 2022	30 June 2021 (restated)	% change
Net revenues	347 377	298 854	16%
Gross profit	167 435	168 919	-1%
EBITDA	65 004	69 508	-6%
EBIT	24 169	31 438	-23%
Share of profit from associates	-64 078	20 072	-419%
Net profit for the period	-46 080	44 573	-203%

- The Interim Report of Romande Energie Group is available via these links:

- French: [Rapport semestriel 2022](#)
  - English: [Interim Report 2022](#)
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## **Note 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.

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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 sustainability. 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 and reducing carbon intensity across Western Switzerland.

**For more information on Romande Energie Group, visit**

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