Press release

Morges, 11 April 2016

Romande Energie Group 2015 results

First-class operating results tarnished by financial adjustments at Alpiq

Despite ever more precarious market conditions, Romande Energie was last year again able to deliver solid operating results, conveyed by further increases in EBITDA (+8%) and EBIT (+11%). Revenue likewise rose by 3% to CHF 600m. However, fair-value adjustments and other exceptional items recognised by Alpiq, compounded by the abandonment of the minimum EUR/CHF exchange rate, respectively reduced profit flows by CHF 78m and CHF 9m, resulting in a net profit of CHF 1m.

Net revenue earned by Romande Energie Group in 2015 rose by 3%, or CHF 17m, to CHF 600m relative to the previous year. Revenue from the distribution and marketing of electricity shrank by 2.1%, reflecting the reduction applied to customer power tariffs in 2015. Conversely, other income rose by CHF 12m to CHF 73m, most notably following the sale of commercial property in Aigle and Vevey. The sale took place after staff from the Networks and Energy Services business units in Eastern Vaud were regrouped at the Noville competence centre, which was inaugurated in November 2015.

Additionally, procurement costs fell by 10.1% to CHF 171m, reflecting lower power prices on the wholesale market and practically unchanged end-customer demand. The near -14% decline in output from the Group's own generation facilities was due to less helpful weather conditions compared with 2014 and the temporary shutdown of the Farettes power station (Aigle) to allow for modernisation work to increase production capacity by 70%. In 2015, proprietary generation accounted for 13% of the electricity supplied by Romande Energie to its customers.

Based on these factors, gross profit rose by 5.2% to CHF 305m over the year. Likewise, EBITDA and EBIT increased by CHF 12m (+8%) and CHF 10m (+11%), respectively.

Influences from monetary and market conditions

The abandonment of the minimum EUR/CHF exchange rate on 15 January 2015 had a negative impact of CHF 9m on the financial items line, producing a net financial expense of CHF 11m in 2015 versus a net financial expense of CHF 2m in 2014.

Romande Energie Group holds a 29.7% interest in EOS Holding SA (EOSH), which in turn owns 31.4% of Alpiq. Arduous market conditions forced Alpiq to enact further fair-value adjustments in 2015, amounting to CHF 876m after tax (including other exceptional items). After taking into account the ordinary business of Alpiq and EOSH, these fair-value adjustments reduced the profit of Romande Energie Group by a net figure of CHF 78m. This was slightly compensated by a CHF 6m positive contribution from the Group's interests in other associated companies to yield a total share in profit from associates of a negative CHF 72m.

Despite the substantial adjustments relating to Alpiq's operations, net profit was positive at CHF 1m.

Currency effects and a change in pension-plan calculations led to a 5% decrease in the equity attributable to holders of the parent to CHF 1.6bn.

The Annual General Meeting will take place in Morges on 24 May. Intent on emphasising the solid operating results and continuing to align dividend policy with underlying profitability, the Board of Directors will recommend that shareholders approve payment of an ordinary dividend of CHF 33 per share, representing a 10% increase relative to the previous year. If this recommendation is accepted, it will result in a cash outlay of CHF 34m, taking into account shares outstanding and those held in Treasury.

Outlook for 2016

Power companies have for several years had to deal with uncertain framework conditions – from bilateral agreements with the EU to Switzerland's Energy Strategy 2050. At the same time, wholesale-market prices have plumbed new depths, dragged down by the pan-European capacity glut. In this setting, the Group is thinking and acting strategically, adapting its structures and services to underpin operating results and provide for continued growth. Barring exceptional items, it expects full-year operating profits in 2016 in line with numbers reported for 2015.

Continuing to invest in generation

While, on one hand, the current market configuration is putting a strain on the profitability of Swiss hydropower plants, it is also yielding acquisition opportunities both in Switzerland and abroad. Romande Energie Group is convinced that developing the proprietary generation network has merit from a long-term perspective as this will secure supply for customers and enhance the value of the business. It will therefore be alert to potential acquisitions this year, all the while abiding by the profitability margin set in place by the Board of Directors.

Formation of Romande Energie Services SA

The Board of Directors has approved formation of a separate energy-services company, based on the belief that this fast-growing market offers substantial opportunities for business expansion. Romande Energie Services will be formed on 1 July 2016. Operating in Western Switzerland, it will be responsible for diversifying the Group's range of interdisciplinary expertise in the following areas: PV and thermal solar energy, heating systems, ventilation, air-conditioning, district heating and electrical fixtures (lighting, home automation, telecommunications and IT). Having this new entity will lead to greater responsiveness in meeting the needs of residential, business and public-authority customers in the current energy transition. It will also be primely positioned to win market share and secure profitability of operations.

Grids that are competitive, secure and constantly upgraded

Romande Energie continues to optimise business processes and management capabilities for maintaining, modernising and monitoring networks while, at the same time, avoiding additional costs for customers. With decentralised generation gathering pace and the number of self-producers on the increase, the Group is continuing to adapt grid infrastructure and fine-tune its smart-grid and smart-market strategy. The aim is to support new production methods and customer habits through smart solutions, especially in metering, energy regulation and household fittings.

EUR-CHF exchange rate

The abandonment of the minimum exchange rate between the euro and the Swiss franc on 15 January 2015 led to a surge in the exchange value of the Swiss franc. The franc has eased slightly against the euro in the meantime, but power prices on the wholesale market, which are denominated in euros, are still attractively cheap. The Group has hence been able to increase the competitiveness of its price plans for customers qualifying for deregulated power.

Key figures, Romande Energie Group							
	2015			2014			*% change*
Power distributed on the Group's network (GWh)	2 816			2 802			*0.5*
Power sold (GWh)	3 110			3 265			*-4.7*
	Results before exceptional items	Exceptional items[1]	Results under IFRS	Results before exceptional items	Exceptional items[1]	Results under IFRS	
Net revenues (CHF 000)	599 964		599 964	582 769		582 769	*3*
Gross profit (CHF 000)	304 522		304 522	289 469		289 469	*5.2*
EBITDA (CHF 000)	161 611		161 611	149 866		149 866	*7.8*
Depreciation and amortisation (CHF 000)	-57 014		-57 014	-55 767		-55 767	*2.2*
EBIT (CHF 000)	104 597		104 597	94 099		94 099	*11.2*
Share of profit of associates (CHF 000)	5 646	-77 631	-71 985	-53 031	-190 301	-243 332	*-70.4*
Group net profit (CHF 000)	78 869	-77 631	1 238	43 152	-190 301	-147 149	*n/a*

[1] *Impairment and other exceptional items recognised by Alpiq (CHF 876m in 2015)*

The 2015 Annual Report will be available for inspection by shareholders from 2 May 2016 at the registered office of Romande Energie Holding SA, rue de Lausanne 53, 1110 Morges. It 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 2015 Financial Review is published today, both in electronic or paper format: Financial Review

The Corporate Governance report will separately 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 11.00am (arrival possible from 10.45am) on Monday 11 April at the Hotel Mirabeau, Lausanne (Avenue de la Gare 31).

From analysts and investors

- Monday 11 April 2016
  - 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)
- On Tuesday 12 April at 10am 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