Press release

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Ad hoc announcement pursuant to Art. 53 LR (Listing Rules)

Solid business profits in H1 2021. Romande Energie shifts to new strategic positioning

Together with the announcement of strong operating profits in H1 2021, Romande Energie Holding SA (SWX:HREN) is today unveiling its new strategic positioning that will meet the challenges of a rapidly evolving energy industry and help it seize new development opportunities. Romande Energie aims to be a driving force in decarbonising Western Switzerland, and to achieve this it is adopting a multi-tiered clean-energy strategy with capital investments totalling CHF 1.4bn between now and 2026.

- Net revenues up 10% at CHF 299m; EBIT up 18% at CHF 31m, adjusted for a non-recurring gain in 2020.
- Significant increase in cash flow from operating activities to CHF 52m.
- Net profit amounting to CHF 48.3m, boosted by positive results at both EOS Holding and Alpiq.
- Further proof that a CSR (Corporate Social Responsibility) business model is the best fit for the long run, despite higher overheads relating to acquisitions.

Together with its interim results, the Group is announcing its new strategic positioning to investors:

NEW STRATEGIC POSITIONING

A strategy shaped by radical changes in energy industry

Romande Energie sees four factors strongly influencing the energy industry over the coming years.

- Legislative developments, mainly the prospective full liberalisation of the electricity market in Switzerland and probably no Swiss-EU agreement covering the power industry;
- Technological advances and customer expectations, including transition from 'consumer to producer' as regards decentralised production;
- Changes in the competitive landscape, marked by partnerships, acquisitions and business combinations;
- Growing awareness across society of the climate emergency, which will undoubtedly shape energy policy at federal, cantonal and municipal levels.

Committed to decarbonising Western Switzerland

To manage these changes, the Romande Energie Group has rethought its business lines, local positions and long-term targets. Its goal is to help make Western Switzerland the first 'net zero' region in Switzerland. To achieve this, it plans to deliver value-creating solutions that optimise energy flows and save on energy resources – part of its commitment to a more sustainable world.

Quantified targets for reducing carbon emissions

In concrete terms, Romande Energie will implement a multi-tiered energy transition aimed at reducing its own carbon emissions as well as those of the households, businesses, local authorities and property managers making up its customer base. The programme has three pillars:

- Continued expansion of renewably sourced generation, set to rise from 0.8 TWh to 1.3 TWh by 2026, while significantly increasing thermal production (heating and cooling) to an estimated 0.2 TWh annually by that same year.
- The deployment of turnkey solutions to facilitate the switch to less carbon-intensive lifestyles. This includes the Click&Charge solution, to equip car parks belonging to apartment buildings with electric charging stations, and tailor-made packages for building owners to carry out energy retrofits of their properties.
- Advisory services and the implementation of schemes to raise awareness among various types of greenhouse gas emitters. One such programme is 'Commune Rénove', which helps municipalities and homeowners to renovate their buildings. Another is 'Décarbonons', which works in conjunction with local councils to set up a network of 'CO_2 coaches' advising households on sustainable and efficient energy use.

250 jobs created and CHF 1.4bn in capital investments out to 2026

These plans will require capital investments of some CHF 1.4bn out to 2026, of which around CHF 1bn will be devoted to growth and the rest to grid modernisation and optimisation of generation assets. Growth investments will focus on power generation from thermal, solar and wind sources as well as the development of turnkey offers. Plans also exist to support innovation in furthering cleaner energy use through multi-energy systems, energy storage, alternative mobility and carbon reuse, for example. More than 250 full-time positions are set to be created at Romande Energie by 2026 to support this energy transition.

Reducing carbon footprint while creating lasting economic value from several sources

Romande Energie's new strategic positioning will lay a lasting foundation for diversified development while creating value for the environment (advancing the energy transition), society (by allowing all types of stakeholder to benefit from these developments) and the business itself (by offering value-added services in tune with customers' expectations). For example, the EBIT margin of Romande Energie Services is projected to increase to 4.5% by 2024.

A new executive team for a new strategy

Romande Energie has the means to implement its new strategic positioning. It boasts a solid foundation, financial independence and business lines vital to households and businesses alike. This is supported by a strong corporate culture and a new-look Executive Board, comprising the full range of expertise required to meet the challenges ahead and seize development opportunities.

INTERIM RESULTS

Increased revenues

Top-line growth for Romande Energie Group continued during the first six months of 2021. Net revenues amounted to CHF 299m, up 10% compared with the prior-year period, adjusted for a non-recurring gain from the sale of property in 2020. Unadjusted, net revenues increased by 3%. All three business units contributed positively to revenue growth.

Strong operating performance

The Energy Solutions business unit recorded a 51% increase in EBIT, accounted for by the uptrend in market power prices since March 2021 and heavy rainfall in Switzerland, which drove turbines at the Hongrin-Léman power plant in particular. Hydropower activities in general and French wind farms also propelled profits.

Revenues continued expanding at the Grids business unit, which represents a significant portion of overall margins. EBIT was broadly unchanged, reflecting the cost of capital investments in the first six months of 2021.

The Romande Energie Services business unit experienced sharp revenue growth (+46%), half of which stemmed from acquisitions in 2021. In this half-year period, it achieved breakeven and is now entering a consolidation phase.

161 new employees in the space of 12 months

With two acquisitions in the first half of 2021, total personnel expenses increased by 20% and other operating expenses by 13%. As at 30 June, the Group had 1,146 employees versus 985 as at 30 June 2020. In total, 161 new members of staff (+16%) joined Romande Energie in that 12-month period.

Net profit boosted by profits from EOS Holding and Alpiq, two Swiss mainstays in renewable energy

Romande Energie achieved EBITDA of CHF 70m and EBIT of CHF 31m in the first six months of 2021. This represented increases of 13% and 18%, respectively, relative to the prior-year period, adjusted for the non-recurring property sale. (Unadjusted, EBITDA and EBIT decreased by 13% and 30%, respectively.) Net profit totalled CHF 48.3m, an increase of 222% versus the prior-year period if adjusted for non-recurring items (unadjusted +46%). The solid profits earned by EOS Holding and Alpiq resulted in an aggregate contribution of CHF 17m from this line item in H1 2021.

Strong operating cash flow and solid balance sheet

Cash and cash equivalents stood at CHF 110m, enabling the Group to meet its commitments. The strong operating results in the first six months produced a surge in this cash flow, which reached a five-year high at CHF 52m versus CHF 30m in the prior-year period.

100% Swiss and 100% renewable energy plans

From January to June, Romande Energie Services expanded its expertise and coverage of Western Switzerland through acquisitions in Neuchâtel (J.M. Lambelet SA) and Geneva (Bosson Pillet SA). Even though two generation units were taken offline for planned maintenance, power generated from the Group’s own assets rose by 5% to 260 GWh. In the regulated market, Romande Energie Group has this year streamlined its price plans and now offers all customers energy that is 100% of Swiss origin and 100% renewable.

Outlook

For the full year, Romande Energie Group has reiterated its forecast for marginally lower EBIT than in 2020.

The business model, based on the three CSR pillars (social, economic and environmental), is the foundation of the Group, whose ambition is to become a pivotal player in reducing carbon intensity in Western Switzerland.

Key figures, Romande Energie Group, 30 June 2021 CHF thousands	30/06/2021	30/06/2020 (restated)	% change
Net revenues	298 854	289 361	3%
Gross profit	168 919	163 915	3%
EBITDA	69 508	79 555	-13%
EBIT	31 438	44 726	-30%
Share of profit from associates	23 795	-4 991	n/a
Net profit	48 296	33 002	46%

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

  - French: Rapport semestriel 2021
  - English: Interim Report 2021

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 corporate social responsibility. 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