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

Press release

Morges, 5 April 2023

Romande Energie Group 2022 results

Solid performance and continued major investment

The Romande Energie Group has reported solid results helped by business diversification. All three business units contributed to this performance, in particular the strong operating results from the generation portfolio. These financials confirm the Romande Energie Group's resilience in highly volatile conditions. Cash flow from operations in 2022 enabled the Group to finance capital expenditure of CHF 179m. Under the 2021-2026 strategy, investments totalling CHF 1.4bn are planned for the energy transition.

- Revenues increased by 21% to CHF 742m, with all three business units contributing.
- EBIT rose 12% to CHF 60m and cash flow from operations was CHF 166m.
- Profits from the merchant portfolio (FMHL and French assets) increased, offsetting the negative impact of higher energy costs and historically low rainfall (-87 GWh).
- Capital expenditure totalled CHF 179m, two-thirds of which was allocated to business development – demonstrating the Group's ambitious policy of developing its grids and renewable power and heating assets.
- The massive investments planned for the coming years are expected to support EBIT growth and, in some cases, help stabilise energy prices for the Group's customers.
- The splitting of the Romande Energie Holding SA share will be proposed at the 2023 Annual General Meeting.

Key figures, Romande Energie Group, 31 December 2022	2022	2021	% change
Net revenues (CHF 000)	742 359	614 481	21%
Gross profit (CHF 000)	361 105	332 299	9%
EBITDA (CHF 000)	143 514	132 639	8%
EBIT (CHF 000)	59 511	53 317	12%
Share of net profit/(loss) from associates (CHF 000)	7 405	(3 696)	n/a
Group net profit (CHF 000)	54 128	34 792	56%

Proven resilience in turbulent times

In 2022, an unprecedented energy crisis laid bare the fragile balance between rising electricity demand and the barriers to increasing domestic generation from renewable sources. In this context, Romande Energie's strategy, based on the three pillars of sustainable development, proved its worth and enabled the Group to post solid results.

Sharp increase in revenues

For the third year in a row, Group revenues grew at a double-digit rate to CHF 742m, an increase of CHF 128m (+21%) over the previous year. All three business units contributed to this top-line performance.

A large proportion of the revenue growth was due to the surge in wholesale energy prices in 2022, which increased the revenues of the Energy Solutions business unit sharply to CHF 376m (+39%). Sales of surplus forward electricity positions generated additional revenue of CHF 67m in 2022 relative to the previous year. Adjusted for this item, revenue growth in this business unit was 15%. Revenues at the Grids business unit continued to rise (+11% to CHF 267 million). Romande Energie Services continued to consolidate its market positions as planned, with revenues remaining above the CHF 144 million level (+2%).

Group EBIT up 12%

Romande Energie reported full-year EBIT of CHF 60m, which was 12% higher than in 2021. This solid overall profit was mainly the consequence of the Grids business unit, which posted a 14% increase in its EBIT. Taking its early stage of development into account, Romande Energies Services also achieved excellent growth, with EBIT almost doubling from CHF 1.3m to CHF 2.3m. Group EBIT margin was 8% versus 9% in the previous year.

The Energy Solutions business unit was successful in stabilising its operating profit under exceptional conditions. The Group's hydro production in 2022 was 20% lower (-87 GWh) due to historically low rainfall. This shortfall in generation, which accumulated during the spring and summer, required Romande Energie to purchase energy at high prices to ensure supplies to customers. These market purchases reduced the energy margin by CHF 33m, but two factors ultimately made up for this effect. First, generation facilities under merchant arrangements, such as Forces Motrices Hongrin-Léman and the wind and hydro assets owned in France, made positive contributions of CHF 15m and CHF 8m, respectively. Secondly, the milder temperatures than expected, combined with our customers' restrained energy use, kept actual demand down in the second half of the year. As a result, the surplus energy volumes procured were sold at market prices, resulting in a profit.

Surge in net profit, with positive contribution from EOS Holding

Net profit was CHF 54m, up 56% relative to CHF 35m in 2021, as a result of strong profits from the business unit and the positive CHF 4m contribution from EOS' renewable generation operations in Europe. Romande Energie owns a 29.71% interest in EOS Holding SA.

Significant investments in the energy transition

Romande Energie invested CHF 179m (2021: CHF 126m) in 2022, two-thirds of which was allotted to growth capex – chiefly in renewable energy.

This investment reflects Romande Energie's policy of leading the decarbonisation drive in Western Switzerland through an ambitious programme to help customers make the vital energy transition. This strategy, outlined in September 2021, will lead to significant investments totalling CHF 1.4bn

by 2026, mainly in the development of power and thermal generation assets in Switzerland and France.

Growth capex is budgeted at just under CHF 200m in 2023 and is set to exceed CHF 300m in 2025, with deals to build several district-heating projects already signed and sealed. These investments will drive increases in the Group's EBIT and cash flow. In some cases, this will also help stabilise energy prices for our regulated customers in the coming years.

Larger workforce to implement strategy

In view of the looming shortage of skilled workers in the professions linked to the energy transition, Romande Energie's workforce grew by 78 employees last year, bringing the total number to 1,253 as at 31 December 2022. The Group's strong employer brand is an asset for the future and for achieving its goals.

Financially robust

The Group's financial strength will be a crucial advantage for funding the 2021-2026 investment strategy. As at 31 December 2022, cash and cash equivalents stood at CHF 141m compared with CHF 92m at the end of 2021.

In addition, the Group successfully issued a 15-year green bond that raised CHF 100m in 2022, reflecting its continued focus on sustainability and its efforts to diversify funding sources. The green bond is listed on SIX Swiss Exchange and started trading on 15 July 2022. Credit facilities amounting to CHF 227m were also arranged, mainly with local partners who have an active interest in sustainability.

Cash flow from operations was CHF 166m (2021: CHF 145m). This was the highest level since 2014 and covered net capital expenditure in 2022.

No change to dividend

Equity attributable to shareholders of Romande Energie Holding SA was stable at CHF 1.9bn as at 31 December 2022. The financial independence ratio was 77% at the same date. Encouraged by the strong balance sheet and promising outlook, the Board of Directors will seek approval from shareholders at the Annual General Meeting to pay an unchanged ordinary dividend of CHF 36 per share. This represents a yield of 3.2% based on the closing share price last year.

Enhancing the share's appeal

To make the share more attractive, accessible and liquid, a division of the Romande Energie Holding SA share will be recommended to shareholders at the next Annual General Meeting, on 16 May 2023. The Articles of Association will be amended to reflect the 25-for-1 stock split, with the share's nominal value being reduced from CHF 25 to 1. Consequently, the number of shares making up the share capital will increase from 1,140,000 to 28,500,000. The Group is setting other plans in motion to improve the transparency of its business and its share's liquidity.

Informing and advising customers on energy-related challenges

Last year was overshadowed by considerable volatility in electricity prices and fears of shortages, prompting Romande Energie to step up its efforts to inform and assist both regulated and eligible customers. Examples of these actions include 15 public information evenings organised in partnership with municipalities in the canton of Vaud and personalised advice for highly exposed companies.

Outlook

Last August, Romande Energie announced an increase in electricity tariffs for 2023, based on the level of its energy adjustment account and in compliance with the regulator's guidelines, specifically the right to invoice. Compared with 2022, this will automatically fuel an exceptionally strong increase in Group revenues and EBIT in 2023.

This forecast does not take into account the potential impact of economic and geopolitical events (Ukraine and the lack of an institutional framework agreement with the EU). The pricing and supply availability situation in electricity markets is giving rise to uncertainties that could impact the full-year results and capital expenditure of the Romande Energie Group.

In the longer term, projected investments and the Group's business positions indicate that operations and finances will remain sound.

The Annual Report, containing 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, 5 April, at the following link:

- In French: Rapport annuel 2022
- In English: 2022 Annual Report

Documentation may 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.

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

The Romande Energie Group, the leading electricity supplier in Western Switzerland, is a mainstay in the domestic energy industry. It offers a range of sustainable solutions for the distribution and generation of electricity as well as energy services, including energy efficiency and e-mobility solutions.

All of its generation assets are powered by renewable energy sources. Through this, its innovative services and its sustainability policy, the Group is helping customers, investors and employees to achieve ever-improving standards of living. Romande Energie works every day to provide its customers with the high quality of service and security of supply they expect and to help them make the transition to more sustainable forms of energy to reduce the carbon intensity of Western Switzerland.

For more information, visit www.romande-energie.ch