Press release

Morges, 6 April 2020

ROMANDE ENERGIE GROUP 2019 RESULTS

Solid operating performance

- **Robust results reported for 2019 on higher operating margin, Energy Services profitable for first time, and stronger net cash position**
- **Romande Energie becoming an essential part of the shift towards cleaner energy and decarbonisation in Western Switzerland**
- **All requisite measures taken to ensure business continuity in supplying energy and servicing customers amid the unprecedented pandemic**

Higher operating profits

Revenues of the Romande Energie Group were stable relative to 2019 at CHF 593.3 million, in line with estimates. The Energy Services business unit saw further growth in revenues, which rose by 28% to CHF 97.2 million as a consequence of organic growth and acquisitions.

Power generation by the Group's own installations, covering 18% of its supply needs, amounted to 461 GWh in 2019. This is a more usual value, 5% lower than generation in 2018, which was an excellent year. Additionally, margin at the Energy Services business unit increased following the acquisition – in late 2018 – of the Bar hydropower plant in France.

This led in turn to a solid increase in gross profit last year to CHF 306.9 million, equivalent to a 2-point increase in gross margin.

EBITDA and EBIT under pressure but margins intact

In 2019, EBITDA decreased to CHF 131.0 million and EBIT to CHF 65.0 million, but the Group’s margins held up at 22% and 11% of net revenues, respectively, compared with 22% and 12% in 2018. After four years of brisk growth, Energy Services was profitable at the EBIT level (CHF 0.6 million) for the first time.

Net profit tarnished by losses at Alpiq group

The share of the loss from associates reduced the net profit for the year by CHF 17.7 million compared with a hit of CHF 1.1 million in the previous year. The net loss recorded by Alpiq for 2019 reduced the Group's earnings by CHF 25.0 million (hit of CHF 5.9 million in 2018). As a reminder, the Romande Energie Group holds a direct interest in EOS Holding, which in turn owns 31.4% of the Alpiq group. Consequently, 2019 net profit was CHF 36.4 million, down CHF 17.7 million relative to the previous year.

Stronger cash position

The Group recorded a sharp CHF 39.8 million increase in the net cash position following improvements in cash flow from operations and the working capital requirement, combined with proceeds from the sale of shares held in treasury. The sale of treasury shares to key institutional investors in Western Switzerland was a sign of their confidence in Romande Energie. As at 31 December 2019, the net cash position for the Group was a solid CHF 203.5 million.

No change to dividend

At the upcoming Annual General Meeting on 19 May, information about which will be provided at a later date, the Board of Directors will – despite lower net profit – recommend to shareholders an ordinary dividend of CHF 36 per share, unchanged relative to the 2018 dividend, in recognition of the Group's strong financial position.

Change in accounting principles

Since 1 January 2019, Romande Energie Group has prepared its consolidated financial statements under Swiss GAAP FER. Accordingly, the 2018 financial statements have been restated to provide an identical base of comparison for the 2019 figures.

Outlook for 2020

In keeping with the 2018-2023 strategy, the Group – led by Christian Petit since 1 June 2019 – is building on its ambition to become a pivotal player in the transition to cleaner energy in Switzerland and make a tangible contribution to the essential task of decarbonisation in Western Switzerland. For this purpose, the Group is making plans to continue growing and acquiring market share by investing in new forms of renewable energy, for example on a local level, where microgrids and solar energy contracting are being introduced, along with the new self-generation solar energy solution, 'Le Jardin Solaire'. Plans will also be crystallised this year for making further acquisitions and reaching new milestones in thermal energy production, in Switzerland, and hydro and solar power, in Switzerland and France. To track its contribution to achieving zero carbon in Western Switzerland, Romande Energie now publishes yearly greenhouse gas (GHG) results. Reducing GHG emissions is now a formal policy at the Group and is taken into account in employee remuneration.

Romande Energie remains a prime partner for local authorities. As of 1 January 2020, it has taken over the distribution network and street lighting system previously belonging to the municipality of Bussigny.

Also from 1 January 2020, new rules from the Federal Electricity Commission have been in force, lowering the upper limit for running costs and profit per regulated-market invoice recipient from CHF 95 to CHF 75. This will impact the profits of each and every distribution grid manager. Aside from the current pandemic, the Group forecasts that 2020 operating results, barring exceptional items and deterioration in electricity and currency markets, will be lower than in 2019.

Business continuity amid an unprecedented health emergency

To meet the requirements of the Federal Office of Public Health and its own responsibilities as an employer and a public utility, the Group is continuously monitoring the situation with the help of a special crisis-management unit (formed in late February). Measures to protect employees have been introduced in conjunction with a business continuity plan for Romande Energie operations and its services to customers. Home working has been introduced wherever feasible, such as for call centre staff, and additional protective equipment has been provided to teams working on the ground. For the longer term, an ad hoc working group has been set up to assess the situation and mitigate its various effects.

The Covid-19 pandemic and the recession that is expected to result from it will have repercussions on the Group’s market and business activities. It expects a decline in revenues in some lines of business, which for now cannot be quantified. Nevertheless, Romande Energie is well placed to cope with this exceptional situation thanks to its solid balance sheet and position in a market that is vital for households and business alike.

Key figures of the Romande Energie Group (according to Swiss GAAP FER).

Key figures, Romande Energie Group			
	2019	**2018, restated**	***% change***
Power distributed on the Group's network (GWh)	2,816	2,805	*0.4*
Power sold (GWh)	2,577	2,710	*-4.9*
Net revenues (CHF 000)	593,320	597,620	*-0.7*
Gross profit (CHF 000)	306,943	296,496	*3.5*
EBITDA (CHF 000)	131,049	133,087	*-1.5*
Depreciation and amortisation (CHF 000)	-66,070	-63,597	*3.9*
EBIT (CHF 000)	64,979	69,490	*-6.5*
Share of net profit/(loss) from associates (CHF 000)	-17,686	-1,161	*N/M*
Group net profit (CHF 000)	36,430	54,119	*-32.7*

The Annual Report, 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, 6 April, at the following link (French only):

Rapport annuel 2019

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.

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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 a wealth of sustainable solutions for the distribution and generation of electricity, and in energy services, 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.

For more information on Romande Energie Group, visit
www.romande-energie.ch