

## Press release

Location, date Laufenburg, 6 April 2016  
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### **Swissgrid increases efficiency and looks back at a successful 2015**

- **Swissgrid achieved earnings of CHF 153.4 million before interest and tax (EBIT). This is an improvement on the previous year of 8.5% (2014: 141.4 million).**
- **The net income increased by 9% against the previous year to CHF 88.0 million (2014: CHF 80.5 million).**
- **Procurement and operating costs were further reduced by over 14% to CHF 504.4 million (2014: CHF 587.1 million).**
- **Based on the positive business performance, a greater distribution of profits of CHF 21.5 million will be requested (2014: CHF 13.0 million).**
- **Thanks to the successful implementation of market and grid measures as well as the mild weather, the all-clear can be given for the tense energy and grid situation in the winter of 2015-2016.**
- **The expansion and modernisation of the transmission system must be taken forward as a matter of urgency to maintain security of supply.**
- **As replacement for the Board of Directors member Fadri Ramming, who is standing down, Andreas Rickenbacher has been nominated as representative of the cantons.**

«Thanks to further consolidation of our operational activities and the careful management of the transmission system along with the associated market activities, we were able to further increase our efficiency, » says Yves Zumwald, CEO of Swissgrid. «This pleasing development confirms the effort of our employees over recent years and is a good starting position for our future plans in connection with the modernisation of the extra-high-voltage grid in order to maintain security of supply.»

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### **Higher EBIT and increased company results**

Earnings before interest and taxes (EBIT) amounted to CHF 153.4 million, up 8.5% on the previous year (2014: CHF 141.4 million). The increase is predominantly a consequence of the grid systems acquired on 5 January 2015, which led to a clear rise in the invested operating assets compared to the previous year. Financing these acquisitions resulted in financial expenses of CHF 44.0 million, an increase of CHF 3.0 million against 2014. Taking into consideration a minimal financial income of CHF 0.2 million (2014: CHF 0.0 million) and after deduction of income tax of CHF 21.6 million (2014: CHF 19.9 million), a 9% higher net income of CHF 88.0 million was achieved compared to the previous year (2014: CHF 80.5 million).

### **Further drop in procurement and operating costs**

The cost of procurement, CHF 295.2 million, was 17% below the previous year's figure of CHF 356.1 million. In the grid utilisation segment, the cost of procurement dropped significantly to CHF 48.3 million (previous year: CHF 95.8 million). The reduction was in part a result of the acquisition of ewz Übertragungsnetz AG's extra-high-voltage grid on 5 January 2015 and also the lower indemnification of grid costs to former transmission system owners compared to the previous year. The cost of procurement in the general ancillary services segment dropped by CHF 16.4 million compared to the previous year, primarily as a result of lower costs for power provision. With regard to the individual ancillary services (active power loss and reactive energy), the cost of procurement was slightly higher compared to the previous year at CHF 4.4 million, as more compensation for active power losses needed to be procured. The operating expenses were reduced by just under 10% compared to the previous year, from CHF 231.0 million to CHF 209.2 million. The drop in procurement and operating costs reflects the consolidation and optimisation of activities introduced to sustainably reduce the level of costs.

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### **Greater distribution of profits requested following positive business performance**

The level of dividends paid is geared towards the peculiarities of Swissgrid's regulated business model. Because of the positive business performance, with a rise in equity share to 32.3%, the dividend policy passed by the Board of Directors stipulates a distribution at the level of the equity return (6.86%) on the share capital, based on the regulated WACC. Based on this, a distribution of profits of around CHF 21.5 million will be requested by the Board of Directors at the General Assembly on 3 May 2016.

In autumn 2016, Valuation Adjustment 1 is planned for the portions of the grid incorporated on 4 January 2016. The components transferred to Swissgrid in the previous year will thus be valued more precisely. New shares will subsequently be created based on the conditional capital. These new shares will likewise be entitled to dividends in accordance with the contractual agreements between Swissgrid and the contributors for the financial year 2015. The dividend payment will therefore take place after the completion of Valuation Adjustment 1. Because the exact number of shares entitled to dividends will not be known until then, the amount of the distribution per share will likewise only be definitely determined after this valuation adjustment.

### **Outlook for financial year 2016**

With a view to the measures planned for modernising the transmission system, an increase in investment volume is to be anticipated. Swissgrid plans to invest around CHF 180 million annually in the Swiss transmission system. The focus for the operating costs in 2016 will remain on the programme for increasing efficiency and reducing costs. The measures defined in 2015 will continue to be implemented.

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### **All-clear for the tense energy and grid situation**

At the start of December 2015, Swissgrid announced that the energy and grid situation for the winter of 2015-2016 was tense. A series of unusual circumstances had left Switzerland with very low energy reserves at the time. The all-clear can now be given.

The measures introduced by Swissgrid in collaboration with the energy sector and the European transmission system operators to handle the situation had a positive impact. One of the most effective measures on the part of the market was the increase in grid transfer capacity (NTC) at the borders to France, Germany and Austria. This made more imported energy available to cover the Swiss demand. The unusually mild winter weather and high precipitation as well as the system restoration of power plant unit 2 of the Beznau nuclear power plant on 23-24 December 2015 also played a part in easing the situation. Over the following months, the reservoir levels continuously approached the long-term median. Following today's all-clear, the priority is now on implementing medium-term measures to help avoid a similar situation in future winters. In particular, these include clarifying the roles and responsibilities for the security of supply in Switzerland.

### **Expansion and modernisation of the transmission system is a matter of urgency**

The tense energy and grid situation in the winter of 2015-2016 underlined the urgency of the grid expansion. Increasing electricity consumption, the connection of major new power plants, the energy reform and the role of Switzerland as a hub in Europe are the decisive drivers for the expansion and modernisation of the transmission system infrastructure. In the report «Strategic Grid 2025», Swissgrid set out the grid that Switzerland will require until 2025 to comply with the Energy Strategy 2050. Overall, fewer lines need to be altered, extended and re-built than envisaged in previous grid plans. However, greater priority is placed on the efficient expansion of the necessary grid infrastructure and the planned measures have to be implemented as a matter of urgency. This is the only way to guarantee the excellent security of supply and the associated competitive edge for the Swiss economy in the long term. Swissgrid counts on the support of the federal authorities, politics and the population to ensure that lines and transformers can be installed quickly.

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### Change to the Board of Directors

As already communicated, Fadri Ramming, member of the Board of Directors since 2006, has announced his resignation ahead of the annual General Assembly on 3 May 2016. Andreas Rickenbacher has been nominated as his successor on the Board of Directors as the representative of the cantons. Andreas Rickenbacher is executive councillor of the Canton of Bern and presides over the Department of Economic Affairs. He has many years of leadership and communications experience and a broad national network in the private sector, administration and policy.

The full Annual Report 2015 is published on our website: <http://ar2015.swissgrid.ch/>

The Swissgrid **EBIT** is defined in law and is calculated from the invested operating assets (Regulated Asset Base/RAB) and the Weighted Average Cost of Capital (WACC) defined by the government plus income tax.

For further information: media@swissgrid.ch or call +41 58 580 24 00.

**Powering the future** – Swissgrid is the national grid company. As the owner of Switzerland's extra-high-voltage grid, it is responsible for the safe operation of the grid without discrimination, and for maintaining, modernising and expanding the grid efficiently and with respect for the environment. Swissgrid employs over 440 highly qualified people from 22 countries at its sites in Frick, Laufenburg, Uznach, Landquart, Ostermundigen, Prilly and Castione. As a member of the European Network of Transmission System Operators for Electricity (ENTSO-E), it is also responsible for grid planning, system management and market design in the cross-border exchange of electricity in Europe. Several Swiss electricity companies jointly hold the entire share capital of Swissgrid.

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### Most important key figures

<b>Profit and Loss</b>	in million CHF	2015	2014	change in %
<b>Net revenue</b>		<b>837.7</b>	<b>812.0</b>	<b>3.2%</b>
Other operating profit		17.4	17.3	0.6%
Change cover differential		87.4	-8.0	992.5%
Activated equity contributions		14.3	11.9	20.2%
<b>Total performance</b>		<b>782.0</b>	<b>833.2</b>	<b>-6.1%</b>
Procurement expenditures		295.2	356.1	-17.1%
<b>Gross profit</b>		<b>486.8</b>	<b>477.1</b>	<b>2.0%</b>
Operating expenditures		209.2	231.0	-9.5%
<b>Result before interest, taxes, depreciation and amortisation (EBITDA)</b>		<b>277.6</b>	<b>246.1</b>	<b>12.8%</b>
Write-offs / Depreciation		124.2	104.7	18.6%
<b>Result before interest and taxes (EBIT)</b>		<b>153.4</b>	<b>141.4</b>	<b>8.5%</b>
Financial results		43.8	41.0	6.8%
Taxes		21.6	19.9	8.5%
<b>Company results</b>		<b>88.0</b>	<b>80.5</b>	<b>9.3%</b>

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<b>Balance</b>	in million CHF	2015	2014	change in %
Fixed assets		2 521.9	2 351.6	7.2%
Working capital		779.4	610.2	27.7%
<b>Assets</b>		<b>3 301.3</b>	<b>2 961.8</b>	<b>11.5%</b>
Equity capital		941.7	764.3	23.2%
Long-term outside capital		1 763.2	1 476.2	19.4%
Short-term outside capital		596.4	721.3	-17.3%
Outside capital		2 359.6	2 197.5	7.4%
<b>Liabilities</b>		<b>3 301.3</b>	<b>2 961.8</b>	<b>11.5%</b>

<b>Cash flow calculation</b>	in million CHF*	2015	2014
Cash flow from business activity		370.0	115.3
Cash flow from investment activity		-128.3	-54.3
Free cash flow		241.7	61.0
Cash flow from financing activity		-224.6	-78.9
<b>Change in liquid assets</b>		<b>17.1</b>	<b>-17.9</b>

\* without balance sheet items carried in trust