

## Press Release

Place, date Laufenburg, 6 April 2017  
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### Swissgrid presents a solid result in a challenging environment

- » In 2016, Swissgrid achieved earnings of CHF 158.0 million before interest and taxes (EBIT). This is an improvement of 3.0% on the previous year (2015: 153.4 million).
- » The net income increased 4.4% against the previous year to CHF 91.9 million (2015: CHF 88.0 million).
- » A stable distribution of profits of CHF 21.8 million will be requested (2015: CHF 21.5 million).
- » The increasingly demanding climate is hampering secure grid operation.
- » Regula Wallimann, Dominique Gachoud and Dr. Kerem Kern are being recommended to the General Assembly on 2 May 2017 as new members of the Board of Directors.

«Swissgrid can look back on a pleasing 2016 financial year», says Yves Zumwald, CEO of Swissgrid. «By continuing to consolidate our activities, we have managed to create a solid starting point for tackling future challenges. Swissgrid is thus making an important contribution to the security of supply in Switzerland in an increasingly demanding environment.»

#### Higher EBIT and increased company results

Earnings before interest and taxes (EBIT) are CHF 158.0 million, up on the previous year by 3.0% (2015: CHF 153.4 million). This increase is attributable to the grid systems taken over on 4 January 2016 and the investment in the non-current assets. In the reporting year, these led to an increase in the invested operating assets.

Taking into account the higher EBIT; the financial expenses, which only increased CHF 0.6 million against 2015 to CHF 44.6 million (2015: CHF 44.0 million); the minimal financial income of CHF 0.7 million (2015: CHF 0.2 million); and the income tax deduction of CHF 22.2 million (2015: CHF 21.6 million), a 4.4% higher net income of CHF 91.9 million was achieved compared to the previous year (2015: CHF 88.0 million).

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### **Higher procurement costs but stable operating costs**

The one-off compulsory acquisition remuneration resulted in procurement costs of CHF 767.3 million (2015: CHF 295.2 million). In the grid utilisation segment, procurement costs increased significantly to CHF 484.7 million (2015: 48.3 million). This increase is attributable to the implementation of the EICom ruling with regard to determining the relevant value of the transmission grid and the preliminary remuneration resulting from this of CHF 417.4 million. These costs were further augmented by the indemnification of grid costs to former transmission system owners, which are CHF 19.0 million higher than the previous year. Without these two effects, the previous year's level would have been achieved exactly. In the general ancillary services segment, the cost of procurement increased by CHF 44.8 million compared to the previous year. This is attributable to the higher administration costs in connection with the challenging energy and grid situation in the winter months of 2016. In the individual ancillary services segment (active power loss and reactive energy), the procurement costs are CHF 7.4 million lower than the previous year. This is due to the lower procurement volume of active power losses. The operating expenses are at the same level as the previous year.

### **Stable distribution of profits**

The level of dividends paid is geared towards the peculiarities of Swissgrid's regulated business model. Because of the existing equity share in 2016, the dividend policy passed by the Board of Directors provides for a distribution at the level of the equity return (6.86%) on the share capital, based on the regulated WACC. A distribution of profits of around CHF 21.8 million will be requested at the General Assembly on 2 May 2017.

### **Outlook for financial year 2017**

Taking into account the modernisation of the transmission grid, an investment volume on a par with 2016 is expected. Because of the lower WACC of 3.83% in 2017 (2016: 4.70%), the net income will be significantly lower. The measures to increase efficiency and reduce costs will continue to be driven forward in 2017.

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### **Secure grid operation increasingly complex and demanding**

After the difficult energy and grid situation in the winter of 2015/16, the situation in the winter of 2016/17 was also challenging. The grid situation was strained in several European countries. The reasons for this were, amongst others, the unplanned outages of the French nuclear power plants and a cold spell in January 2017. This required increased coordination with neighbouring transmission grid operators to optimise the import and export capacities. The grid situation in Switzerland remained stable. Switzerland's available net import capacity was maximised and was significantly higher this winter than last year. This is mainly due to the implementation of technical and market measures in 2016. In addition, the transformer in the Beznau substation was procured and installed at short notice. It has been in operation since 20 March 2017 and will continue to be so until the unit 1 of the Beznau nuclear power plant rejoins the grid.

The situations in the winter once again underline the growing demands to guarantee a secure grid operation. High electricity transit flows through Switzerland, unplanned load flows and, in particular, limited cross-border capacities bring the grid infrastructure to its load limit. Amongst other things, Switzerland's growing dependence on imports adds to this. The structural bottlenecks in the Swiss transmission grid must therefore be alleviated urgently. Swissgrid has made progress by implementing the «Strategic Grid 2025». However, important expansion plans have been delayed or even blocked by protracted procedures and objections. To ensure that secure grid operation and the high security of supply remain guaranteed in Switzerland, Swissgrid relies on the support of the authorities, policymakers and the population.

### **Change to the Board of Directors**

As already communicated, in advance of the Swissgrid Ltd Annual General Assembly on 2 May 2017, the Board of Directors members Doris Russi Schurter, Michael Wider and Dr. Andrew Walo have announced that they will be stepping down. The Board of Directors recommends Regula Wallimann, Dominique Gachoud and Dr. Kerem Kern to the General Assembly as their successors. Regula Wallimann is an expert in auditing for multinational corporations and in financial consulting. She holds a degree from the University of St. Gallen (HSG) and was responsible as Global Lead Partner for auditing various global companies during her long career at KPMG. She led auditing teams in the fields of income tax, IT, treasury and compliance. Dominique

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Gachoud has been the general manager of Groupe E since 2012. He holds a degree in electrical engineering from EPFL and has renowned expertise and many years of management experience in the energy industry. Dr. Kerem Kern is Head of Corporate Regulatory Management at Axpo Holding AG. A lawyer by profession, he wrote his dissertation on the privatization of communal electricity supply companies and joined Axpo Holding AG in 2010 after working for a law firm.

The complete Annual Report can be downloaded from the [Swissgrid website](#).

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.

Further information: media@swissgrid.ch or call +41 58 580 31 00.

**Into the future with energy** – 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 450 highly qualified people from 24 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 hold the majority of Swissgrid's share capital.

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## Key figures

<b>Income statement</b>	in millions of CHF	<b>2016</b>	<b>2015</b>	<b>Change</b>
Net turnover		1250,8	837,7	49,3%
Other operating income		18,2	17,4	4,6%
Movement in volume- and tariff-related timing differences		-16,4	-87,4	-81,2%
Capitalised self-constructed assets		13,6	14,3	-4,9%
<b>Total operating income</b>		<b>1266,2</b>	<b>782,0</b>	<b>61,9%</b>
Procurement costs		767,3	295,2	159,9%
<b>Gross profit</b>		<b>498,9</b>	<b>486,8</b>	<b>2,5%</b>
Operating expenses		209,2	209,2	0,0%
<b>Earnings before interest, income taxes, depreciation and amortisation (EBITDA)</b>		<b>289,7</b>	<b>277,6</b>	<b>4,4%</b>
Depreciation, amortisation and impairment losses		131,7	124,2	6,0%
<b>Earnings before interest and income taxes (EBIT)</b>		<b>158,0</b>	<b>153,4</b>	<b>3,0%</b>
Financial result		43,9	43,8	0,2%
Taxes		22,2	21,6	2,8%
<b>Net income</b>		<b>91,9</b>	<b>88,0</b>	<b>4,4%</b>

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<b>Balance sheet</b>	in millions of CHF*	<b>2016</b>	<b>2015</b>	<b>Change</b>
Non-current assets		2706,9	2521,9	7,3%
Current assets		792,0	433,4	82,7%
<b>Assets</b>		<b>3498,9</b>	<b>2955,3</b>	<b>18,4%</b>
Equity		1025,6	941,7	8,9%
Non-current liabilities		1815,4	1763,2	3,0%
Current liabilities		657,9	250,4	162,7%
Total liabilities		2473,3	2013,6	22,8%
<b>Equity and liabilities</b>		<b>3498,9</b>	<b>2955,3</b>	<b>18,4%</b>

\* without balance sheet items held on a fiduciary basis

<b>Cash flow statement</b>	in millions of CHF	<b>2016</b>	<b>2015</b>	<b>Change</b>
Cash flow from operating activities		718,6	370,0	94,2%
Cash flow from investing activities		-212,1	-128,3	65,3%
Free cash flow		506,5	241,7	109,6%
Cash flow from financing activities		-106,2	-224,6	-52,7%
<b>Change in cash and cash equivalents</b>		<b>400,3</b>	<b>17,1</b>	<b>2240,9%</b>