

**Press release**

24 April 2018

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## Swissgrid reports solid results for 2017 and sets the course for the future

- In 2017, Swissgrid achieved earnings of CHF 124.9 million before interests and taxes (EBIT). The 20.9 % decrease from the previous year (2016: CHF 158.0 million) is due to the reduction in the WACC from 4.70 % in 2016 to 3.83 % in 2017.
- The net income fell to CHF 65.3 million year-on-year (2016: CHF 91.9 million).
- A distribution of profits of CHF 29.4 million is being requested (2016: CHF 21.8 million).
- The demands on secure grid operation continue to increase. Integration with Europe remains important.
- Strategy 2022 ends the consolidation phase and guarantees long-term corporate objectives.

"Swissgrid can look back on a solid financial year in a challenging environment in 2017", says Yves Zumwald, CEO of Swissgrid. "We were able to continue to increase our efficiency and consolidate our activities. We have established a reliable foundation for the continued development of the company and to further strengthen our position as the backbone of Switzerland's security of supply with Strategy 2022."

### WACC reduction influences EBIT and net income

Earnings before interest and taxes (EBIT) amount to CHF 124.9 million, down on the previous year by 20.9 % (2016: CHF 158.0 million). The decline in EBIT is due to the reduction in the WACC from 4.70 % in 2016 to 3.83 % in 2017. The systematic reduction of the volume- and tariff-related timing differences led to a decline in the invested operating assets from the previous year, which contributed to a further fall in EBIT.

The lower EBIT, the financial result of CHF 44.3 million, which is virtually unchanged from the previous year (2016: CHF 43.9 million), and income tax of CHF 15.3 million (2016: CHF 22.2 million) resulted in net income of CHF 65.3 million, which is CHF 26.6 million below that of the previous year (2016: CHF 91.9 million).

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**Further reduction in costs**

The cost of procurement amounts to CHF 294.1 million, which is well below the previous year's value of CHF 767.3 million. The significantly higher values in the previous year are based on the implementation of the EICOM ruling relating to the method for determining the relevant value of the transmission grid and the preliminary remuneration resulting from this, which amounts to CHF 417.4 million. Adjusted for this event, the cost of procurement fell compared to the previous year. In the grid utilisation segment, additional remuneration for operating and capital costs of CHF 15.1 million arose for former transmission system owners in 2017 (2016: CHF 67.3 million). The procurement costs in the general ancillary services segment fell compared to 2016. The reduction of CHF 30.2 million is due to lower costs for the provision of control power. By contrast, the cost of procurement for individual ancillary services (active power loss and reactive energy) rose by CHF 41.0 million from the previous year. On the one hand, more active power loss energy was procured, while, on the other, the considerable rise in energy prices had a negative impact on the cost of procurement in 2017. Operating expenses were CHF 9.4 million below the previous year thanks to efficiency measures.

The Board of Directors requests that a distribution ratio of 45 % of the net profit for 2017, amounting to a dividend payment of CHF 29.4 million, be approved for the 2017 financial year by the General Assembly on 15 May 2018.

**Outlook for financial year 2018**

With regard to the modernisation of the transmission grid, an investment volume on a par with 2017 is expected. The net income will remain stable given the unchanged WACC of 3.83 % in 2018 (2017: 3.83 %). A further increase in efficiency is expected in 2018 as well.

**Changes to the energy landscape are increasing the demands on secure grid operation**

The changes in the European and Swiss energy landscape are not only influencing the expansion of the transmission grid, they are also increasing the demands on its secure operation. Switzerland's exclusion from market coupling is placing increased stress on the lines and transformers due to unplanned flows. Swissgrid is taking technical measures to combat this in the short-term. However, grid stability in Switzerland in the medium- and long-term can be ensured only in a European context. The restricted cooperation with the European transmission system operators means the grid cannot be operated with optimum efficiency. This ultimately has a negative effect on the costs charged to end customers. More intervention in the power plants is required (redispatch), and the allocation of capacity at the borders is more resource-intensive. To continue to ensure the grid stability and security of supply in Switzerland, Swissgrid plays an active role on national and international committees.

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The renovation and expansion of the transmission grid is still not progressing quickly enough. For instance, the important Bickigen – Chippis and Bassecourt – Mühlberg line projects are still in the planning approval stage due to the numerous objections. However, important milestones were also achieved in 2017, particularly in relation to projects that are extremely important for the transportation of hydropower from the mountains to the consumption centres in central Switzerland. For example, Swissgrid commissioned a section of the line between Châtelard and La Bâtiaz to transport the electricity generated by the new Nant de Drance pumped storage power plant. The construction permit for the new line between Chamoson and Chippis in Valais was also granted in 2017.

**Strategy 2022 guarantees long-term corporate objectives**

Following a further consolidation of its activities in 2017, Swissgrid has paved the way for the continuing security of Switzerland's electricity supply by introducing Strategy 2022. This strategy, which is in accordance with the Swiss government's Energy Strategy 2050, will see Swissgrid develop and implement measures in the four focus areas of "Safety for people, systems and the environment", "Integrated plant and system operations", "Intelligent use of new technologies" and "Close cooperation with partners in Switzerland and Europe" by 2022 in order to meet its long-term corporate objectives. Swissgrid is also enhancing its profile amongst its different stakeholders with a fresh corporate identity, and thereby strengthening its position as the backbone of the security of supply. Swissgrid will move into its new headquarters in Aarau in mid-2018. This will bring the company closer to customers and partners and increase its attractiveness as an employer.

**Elections to the Board of Directors**

All current members of the Board of Directors of Swissgrid Ltd, with the exception of Andreas Rickenbacher, who is standing down, are available for re-election. The cantons have delegated Claude Nicati as their representative on the Board of Directors. In line with the decision of the Conference of Cantonal Energy Directors (EnDK), the cantons' second seat on the Board of Directors of Swissgrid Ltd, which is being vacated by Andreas Rickenbacher, will not be filled at the present time.

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.

**Discover Swissgrid's new-look corporate identity** on our [website](#) or in our **Annual Report 2017** and our new magazine "**vernetzt**" (available in German, French and Italian).

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For more information, visit [media@swissgrid.ch](mailto:media@swissgrid.ch) or call +41 58 580 31 00.

### **Powering the future**

Swissgrid is the national grid company. As the owner of Switzerland's extra-high-voltage grid, it is responsible for operating the grid safely and without discrimination and for maintaining, modernising and expanding the grid efficiently and with respect for the environment. Swissgrid has more than 450 highly qualified people from more than 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 European exchange of electricity. The majority of Swissgrid's share capital is jointly held by various Swiss electricity companies.

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**Key figures**

**Income statement**

in CHF million	2017	2016	Abs. Change
Net turnover	948,2	1'250,8	-302,6
Other operating income	19,8	18,2	1,6
Change in volume- and tariff-related timing differences	-220,6	-16,4	-204,2
Capitalised self-constructed assets	14,6	13,6	1,0
<b>Total operating income</b>	<b>762,0</b>	<b>1'266,2</b>	<b>-504,2</b>
Procurement costs	294,1	767,3	-473,2
<b>Gross profit</b>	<b>467,9</b>	<b>498,9</b>	<b>-31,0</b>
Operating expenses	199,8	209,2	-9,4
<b>Earnings before interest, income taxes, depreciation and amortisation (EBITDA)</b>	<b>268,1</b>	<b>289,7</b>	<b>-21,6</b>
Depreciation, amortisation and impairment losses	143,2	131,7	11,5
<b>Earnings before interests and taxes (EBIT)</b>	<b>124,9</b>	<b>158,0</b>	<b>-33,1</b>
Financial result	44,3	43,9	0,4
Income taxes	15,3	22,2	-6,9
<b>Net income</b>	<b>65,3</b>	<b>91,9</b>	<b>-26,6</b>

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### Balance sheet

in CHF million	2017	2016	Abs. Change
Non-current assets	2'566,5	2'706,9	-140,4
Assets held on fiduciary basis	46,6	34,4	12,2
Current assets	527,4	792,0	-264,6
<b>Assets</b>	<b>3'140,5</b>	<b>3'533,3</b>	<b>-392,8</b>
Equity	1'069,2	1'025,6	43,6
Non-current liabilities	1'685,4	1'815,4	-130,0
Liabilities held on fiduciary basis	46,6	34,4	12,2
Current liabilities	339,3	657,9	-318,6
thereof: Current financial liabilities	142,2	-	142,2
Liabilities	2'024,7	2'473,3	-448,6
<b>Equity and liabilities</b>	<b>3'140,5</b>	<b>3'533,3</b>	<b>-392,8</b>

### Cash flow statement

in CHF million	2017	2016	Abs. Change
Cash flow from operating activities	13,9	718,6	-704,7
Cash flow from investing activities	-200,3	-212,1	11,8
<b>Free cash flow</b>	<b>-186,4</b>	<b>506,5</b>	<b>-692,9</b>
Cash flow from financing activities	-65,6	-106,2	40,6
<b>Change in cash and cash equivalents</b>	<b>-252,0</b>	<b>400,3</b>	<b>-652,3</b>