

Press release

En route to success with higher sales and profits

BKW AG 2016 financial year

Bern, 16 March 2017

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In the 2016 financial year, BKW achieved an outstanding result in an economic environment that remained challenging, and achieved significant gains in both total operating revenue and profit. The once again rapid growth of the Services business, the further expansion of renewable energies, consistent cost management and the active management of energy positions more than offset the negative effect of falling electricity prices. BKW closed out the last financial year with a strong operating profit of CHF 384 million and a 13 percent increase in net profit to CHF 322 million.



Despite further decreases in electricity prices, the BKW Group succeeded in increasing its total operating revenue by 8 percent to CHF 2.862 billion during the 2016 financial year. The rapid expansion of the Services business, which surpassed half a billion for the first time with revenues of CHF 565 million, was a major contributor, as were increased revenues in the Grid business. As in the previous year, the strong operating profit (EBIT) was further increased, amounting to CHF 384 million for the 2016 financial year. Adjusted for one-off effects, this put the total operating profit at CHF 346 million. This represents an increase of 12 percent compared with the previous year.

Several factors contributed to this strong result, including the once again highly successful active management of energy positions, the Services business result, which nearly doubled, and increased revenue from the growing Grid business. Further expansion of renewable energy production and continued consistent cost management also had a positive effect. BKW has been able to reduce costs by approximately CHF 150 million since 2013.

in CHF millions	2015	2016	+/-
Total operating revenue	2,645	2,862	+8 %
EBITDA	530	581	+10 %
Operating profit (EBIT)	382	384	+0.5 %
Net profit	284	322	+13 %

BKW is maintaining its dividend policy, offering shareholders continuity. As in previous years, a dividend of CHF 1.60 per share has been proposed to the General Meeting.

2016 – a year of growth and focus

BKW continued its expansion of wind energy and small-scale hydropower. Regulated production strengthened the Energy business, which is exposed to the ongoing fall in market prices.

The focus in the Service business was on the fields of building technology, engineering and grid services. During the financial year, BKW acquired a total of 19 companies with more than 1,000 employees; it now employs more than 5,500 members of staff (as at 31 December 2016: 5,007 FTEs).

Further rapid expansion in the fields of engineering and building technology

BKW significantly expanded its existing engineering expertise in 2016. Investment requirements in infrastructure are huge; EUR 300 billion is required in Germany alone. The acquisition of LINDSCHULTE and IFB Eigenschenk has allowed BKW to strengthen its presence in international markets. The addition of ASSMANN BERATEN + PLANEN at the beginning of March this year represents another key building block. The BKW Group now has the necessary scope and expertise to be able to offer its customers integrated solutions as a general planner. Access to the international infrastructure market also helps to safeguard Swiss jobs in the long term.

BKW also further expanded its building technology portfolio during the last financial year. Buildings are becoming an increasingly integral part of the energy system: almost half of total energy consumption can be traced back to buildings – heating, ventilation, hot water, air conditioning, electricity. BKW offers customers throughout Switzerland comprehensive integrated solutions in this area.

Grid business stabilises

The acquisition of a majority stake in AEK Energie AG in the spring, along with the increased investment in Swissgrid, enabled BKW to further expand its Grid business. BKW is now Swissgrid's largest shareholder, with a stake of more than 36 percent. This investment generates a stable income, while the increased value of Grids also has a positive effect. In the last year, BKW invested CHF 120 million in the issue of security of supply via investment in Grids.

Wind and hydro power play an increasingly important role

Last year, BKW continued to promote the expansion of renewable energy production. The Group completed the construction of four small hydroelectric plants in Switzerland, with two more to follow in 2017. BKW has invested in what is currently the largest onshore wind farm project in Europe, in Norway. A wind park with an output of 1,000 MW and an annual production capacity of 3.4 TWh (greater than that of Mühleberg Nuclear Power Plant) is being built in the Fosen region, to be completed by 2020. In the autumn, BKW also acquired four wind farms in France, one of which is already in operation. The repowering of the largest wind farm in Switzerland, on Mont Crosin, was completed at the beginning of October and is now completely up to date.

The project to decommission the Mühleberg Nuclear Power Plant is proceeding according to plan, and estimates of project costs are proving to be realistic. A new cost study in December 2016 confirmed the decommissioning and waste disposal calculations. The clear 'no' vote in the November 2016 referendum on the nuclear withdrawal initiative has also reduced political uncertainty.

Changes to the Group Executive Board

Christophe Bossel, Head of Grids, has decided to leave BKW at the end of 2017. He joined BKW in the beginning of 2012 and became a member of the Group Executive Board as Head of Grids in March 2013. BKW would like to take this

opportunity to thank him for his contribution to the company. A successor will be appointed in the coming months.

More challenges ahead in 2017

The energy industry continues to be shaped by the negative effects of electricity prices. BKW aims to offset this negative influence in 2017 through the further rapid expansion of the Services business, the active management of its energy position and an ongoing policy of consistent cost management. BKW expects the operating profit for the current financial year (excluding one-off effects) to be in line with that achieved in 2016.

BKW CEO Suzanne Thoma discusses the 2016 financial year in a video interview, which can be accessed [here \(in German only\)](#).

In addition to the [Annual Report](#), the book *EFFICIENCY – in nature and at BKW* offers analogies from nature that we are implementing at BKW. Nature maintains its resources efficiently, and we aim to learn from it as a company.

You can find more information at www.bkw.ch and in our [download centre](#).

Disclaimer

The statements contained in this press release constitute expectations and forward-looking statements. Because these statements are subject to risks and uncertainties, actual future results may differ materially from those expressed or implied by the expectations and statements. This press release is issued in German, French, English and Italian. The German version is authoritative.

BKW

The BKW Group is a Bern-based international energy and infrastructure company employing more than 5,500 people. The diversity of the company's expertise allows it to offer its customers a full range of tailored services. The Group plans, builds and operates infrastructure to produce and supply energy to businesses, households and the public sector. The BKW Group offers a wide range of services, from building technologies, infrastructure engineering and digital business models for renewable energies to traditional multi-utility infrastructure services.

The registered shares of BKW AG are listed on the SIX Swiss Exchange and the BX Berne eXchange.