

Press release

BKW continues on its successful growth path

2017 business figures for BKW AG

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In 2017, the BKW Group once again managed to significantly increase its results. The further expansion of the Services business, the successful alignment of the Energy business with new market conditions and continued systematic cost management all contributed significantly to this result. The operating profit (EBIT) reached very good CHF 379 million (+9.6 percent). The net profit also rose, by 15.9 percent to CHF 271 million. The Board of Directors is proposing an increased dividend of CHF 1.80 per share to the General Meeting.



BKW recorded a strong result in 2017. Total revenue increased to CHF 2,577.4 million (+5.1 percent*). This growth in revenue was primarily driven by the further expansion of the Services business. At CHF 736 million in revenue (+30 percent), it already accounts for more than a quarter of total revenue. The remarkable growth in this business area also drove an outside increase in operating profit, to CHF 46 million (+46 percent). Following the acquisition of

* Total revenue was adjusted due to the sale of the distribution business in Italy. According to the guidelines for IFRS 5, the distribution business in Italy is therefore classified as a 'discontinued operation'. The previous year's figures have been adjusted accordingly.

AEK in mid-2016, revenues for the Grid business increased to CHF 666 million (+7 percent).

In the Energy business, revenues fell by around CHF 90 million. Due to lower electricity prices, BKW recorded revenue losses totalling CHF 140 million. This was partly offset by higher international production volumes. Optimal management of energy positions, an outstanding trading result as well as ongoing, systematic cost management even managed to overcompensate for negative price effects. The Energy business returned a result of around CHF 158 million (+16 percent), significantly above the previous year's values.

Strong operating result for the BKW Group in 2017

CHF millions	2016 ¹	2017	% change
Total revenue	2,452.1	2,577.4	5.1 %
Operating profit (EBIT)	345.7	379.0	9.6 %
Net profit	233.5	270.6	15.9 %
Cash flow from operating activities	358.1	493.4	37.8 %

¹ Adjusted for one-off effects from the expropriation compensation from Swissgrid as well as the gains on the disposal of participations in Group E and Romande Energie.

Focus on growth markets

By expanding the Services business, BKW is focusing on the growing infrastructure and building technology markets. Infrastructure in Germany, Switzerland and Austria is partly in an obsolete state or shows refurbishment requirements that call for significant investment. The demand for our [engineering services](#) is thus constantly increasing.

The highly fragmented market for building technology is also expanding. The demands of digitalisation and stricter building regulations in the area of energy efficiency offer new growth opportunities. Customers also expect a greater degree of professionalism in advice, planning and development of their projects, as well as [building](#) maintenance that is both energy and cost efficient.

The growing complexity and synergy potential in the construction of network infrastructure such as energy, water and telecommunications networks for [BKW subsidiary Arnold](#) offer compelling prospects. We are rapidly driving the strategic expansion of these skills – largely through acquisitions in 2017. In the past year,

BKW took over a total of 20 companies. The engineering business was further expanded through a number of acquisitions in Germany, particularly the [Assmann Group](#), as well as in Switzerland with the acquisition of the [Grunder Group](#) and [Jermann Ingenieure und Geometer](#). In the [building technology area](#), BKW expanded its geographic presence as a national service provider and is now also represented in western Switzerland. The acquisition of the [Hinni Group](#), a leading Swiss service provider and manufacturer of residential water systems and products, once again expanded the network infrastructure services area considerably.

Energy business fit for the future

BKW is adjusting to changes in the international electricity market. Major capacities of solar and wind energy are being built up throughout Europe. These are dependent on weather. At the same time, there is a gradual dismantling of base load power stations such as nuclear and coal-powered facilities, which can only be controlled to an extent. This is bringing fundamental change to the energy market. Controllable and flexible power plants will assume even greater importance, along with trading that can respond rapidly to changes. BKW is adapting to these changes, making the most of the opportunities that a volatile electricity market offers.

To counter international price pressure, BKW reduced operating costs in its existing power plants. It is driving forward the decommissioning of the Mühleberg Nuclear Power Plant planned for the end of 2019 and terminated its long-standing energy procurement contact with the French nuclear power plant Fessenheim by the end of 2017. BKW is consistently adapting itself to conditions in the market.

BKW is increasing its capacities in the area of wind and hydro power. In Norway a number of wind farms are currently under construction that will go on-stream between 2018 and 2020. Among them [Europe's largest onshore wind farm project](#) with an installed capacity of 1,000 MW, where BKW owns a stake. In [France](#), [BKW built and put into commission three new wind farms in 2017](#). In Switzerland, small-scale hydro power underwent further expansion with two new [power plants](#) completed.

Outlook

The Energy business will continue to be affected by falling electricity prices in 2018. However, BKW is once again aiming to offset a large portion of this negative influence through successful management of its energy position and continuing its policy of consistent cost management. It expects stable development of its Grid business that will continue to make a positive contribution to the operating profit. The expansion of the Services business will continue and we can expect its contribution to the operating profit to increase further.

For the 2018 financial year, BKW once again expects a good operating profit in the range of CHF 340-360 million.

A video interview with BKW CEO Suzanne Thoma on the 2017 business year can be accessed via [this link](#). Visual materials are available without restriction.

A short video presentation on BKW's 2017 financial year can be seen [here](#) (in German only) or found on BKW on social media channels: [Twitter](#) and [Facebook](#).

As a network of companies where each shares its skills with the other companies in the group and in turn can profit from their skills, the issue of networking is one that is close to our hearts. Over the course of this year, we are producing a series of video portraits that address the issue of networking, looking at both customers and employees. It's about potential customers and business partners. It's about energy, networking and the services that people want – and which we at BKW can provide. But take a look for yourself – successfully networked, networked for success: www.bkw.ch/interconnected

You can find further information on the 2017 financial year at www.bkw.ch/ar2017 and in the [Download Center](#).

Disclaimer

This text contains statements that 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 text is published 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 6,000 people. Its company network and extensive expertise allow it to offer its customers a full range of overall solutions. The Group plans, builds and operates infrastructure to produce and supply energy to businesses, households and the public sector, and offers digital business models for renewable energies. Today, the BKW Group portfolio comprises everything from engineering consultancy and planning for energy, infrastructure and environmental projects, through integrated offers in the field of building technology, to the construction, servicing and maintenance of energy, telecommunications, transport and water networks.

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