

# Press release

## Growth thanks to Services business

BKW AG Half-Year Results 2018

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BKW AG  
Media Relations  
Viktoriaplatz 2  
3013 Bern

Tel. +41 58 477 51 07  
media@bkw.ch  
www.bkw.ch

**In the first half of 2018, BKW again produced a strong result. Due to the significant growth of the Services business, sales increased by 2% to CHF 1,281 million, despite the continued negative effects of electricity prices. At CHF 224 million, the reported operating profit increased 23% compared to the previous year. The net profit was at CHF 126 million.**



In the first half of 2018, BKW again produced a strong result. The rapid and profitable growth of the Services business has ensured that BKW's revenue continued to increase despite the enduring negative effects of electricity prices. With electricity usually sold around three years in advance, the current figures are still affected by the record low prices of 2015/2016. Thanks to active management of the energy positions and further cost reductions, we have almost offset the resultant income decrease. The negative effects of electricity prices will affect figures until the end of 2019, after which the market is expected to recover, a development which should benefit BKW considerably.

in CHF millions	HY17	HY18	Change
<b>Turnover</b>	1,262	<b>1,281</b>	<b>+2%</b>
<b>Operating result (EBIT)</b>	182	<b>224</b>	<b>+23%</b>
<b>Net profit</b>	116	<b>126</b>	<b>+9%</b>

Adjusted for the non-cash effective one-off effect arising from the change in benefit plan of the BKW pension fund, the EBIT amounted to CHF 171 million, around the same level as the previous year's figure. The adjusted net profit was CHF 85 million. This is CHF 30 million less than the previous year, a drop solely attributable to the weaker performance of investments in the decommissioning and waste disposal funds, which demonstrated above-average profitability the previous year.

#### **Investment in growth and maintenance**

BKW again invested heavily in the first half of 2018. Of the total investment of around CHF 237 million, around two thirds was invested in growth and one third in plant maintenance. BKW invested more than CHF 80 million in the construction of on-shore wind farms in a prime location in Norway, which are set to join the grid within the next few years. The company invested a further sum of approximately CHF 60 million in increasing the Services business. The focus on growth markets in the fields of engineering, building technology and the construction of network infrastructures has proven sound and produced positive financial results.

#### **Continuation of efficiency improvements and digitalisation**

The Networks division has systematically driven forward innovations, in particular when it comes to digitalisation. At the same time, the division managed to maintain the previous year's result – not least thanks to cost savings.

The Energy division will continue to focus in the mid-term on adapting the energy business for the future. Business models for renewable energy and traditional energy are increasingly converging. Consequently, the wind business will be united with the conventional energy business and managed from a single department. The Renewables & Efficiency division will no longer exist.

BKW has also decided to remove BKW shares from the secondary listing on the BX Swiss exchange at the end of the year. The low trade volumes on the BX

Swiss exchange mean that the regulatory and administrative effort outweighs the benefits for BKW. The shares will remain listed on the SIX Swiss Exchange as before.

### **Further milestones in the decommissioning project**

BKW achieved a significant milestone in the decommissioning of the Mühleberg Nuclear Power Plant (KKM). The responsible authorities issued the official decommissioning order in June, meaning that BKW has succeeded in maintaining the schedule for this ambitious project as defined around four years ago. The company has introduced concrete preparations for the decommissioning, and significant procurement packages will soon be concluded. KKM will be removed from the grid on 20 December 2019 as planned.

### **BKW confirms expectations for the 2018 result**

BKW confirms its financial outlook for the coming year and expects an operating profit in the region of CHF 340 to 360 million for 2018.

Further information on BKW's half-year results can be found online on the [BKW website](#). In addition to the Half-Year Report as a PDF, a [video interview](#) with BKW CEO Suzanne Thoma on the half-year results is also available as a download.

### **New web presence for greater clarity**

By implementing its strategy, BKW has managed to improve its situation significantly in recent years, despite the electricity price crisis. It has expanded and deepened its expertise. This development is now reflected on the website (in German and French). With five competence brands from the three business areas Energy, Networks and Services, it provides clear, straightforward access to BKW's individual areas of expertise. [www.bkw.ch](http://www.bkw.ch)

**BKW Energy** is focussed on the further expansion of renewable energies and the strengthening of its trading services for third parties and direct marketers. The integration of new renewables into the energy market is part of this focus.

**BKW Power Grid** makes the grid fit for the future. The main challenge lies in increasing digitalisation and flexibility within the grid while ensuring economic viability for customers.

There is high demand across Europe for the renewal and renovation of existing infrastructure. With around 2,000 engineers and planners,

**BKW Engineering** brings together the areas of expertise required for complex, large-scale projects in the areas of infrastructure, energy and the environment with an integrated customer approach.

**BKW Building Solutions** takes advantage of the opportunities offered by decentralisation and developments in the area of energy efficiency to reduce dependence on fossil fuels. Building technology provides the greatest opportunities in this area. BKW offers tailor-made solutions for private customers and businesses from a single source.

The importance of efficiently planned and integrated construction or renovation of complex grid infrastructure in the areas of energy, water, transportation and telecommunications is constantly increasing, driven by urbanisation, population growth and mobility. The expertise of the **BKW Infra Services** companies is able to address these needs precisely.

BKW offers **solutions for a liveable future** in all five areas.

*The expectations and forward-looking statements expressed in this document are based on assumptions and are subject to risks and uncertainties. This means that the actual 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 text is the authoritative version.*

#### **BKW**

The BKW Group is a Bern-based international energy and infrastructure company employing about 7,000 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 Swiss.