

SEMI-ANNUAL  
REPORT  
2017





# Overview

## OVERVIEW OF THE FIRST HALF OF 2017

905

CHF million

Total operating revenue 1<sup>st</sup> half-year 2017

20

CHF million

Operating income (EBIT) 1<sup>st</sup> half-year 2017

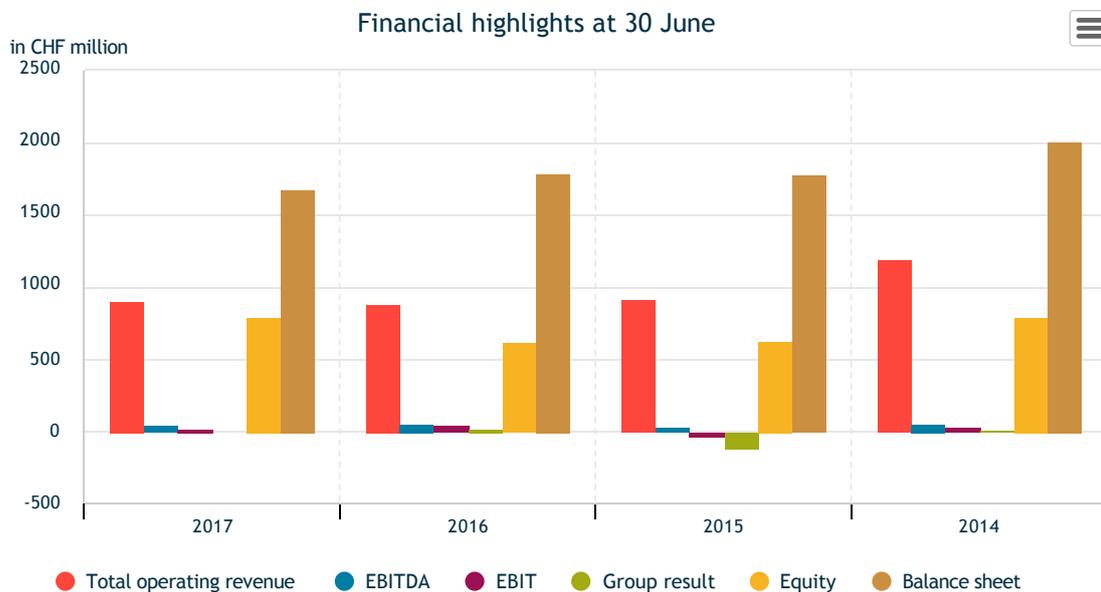
## THE MOST IMPORTANT EVENTS OF THE FIRST HALF OF 2017

- In the first half of 2017, Repower Group generated **total operating revenues** of CHF 905 million (up 3% on the first half of 2016).
- **Operating income (EBIT)** was CHF 20 million, 55 per cent lower than in the prior-year period. The business in Italy made a particularly notable contribution to these results. The group posted a net profit of CHF 1 million.
- The first half of 2017 was dominated by **successful efforts to continue implementing the company's strategy**. This included expanding the sales and service component of the business by increasingly delivering contracts for third parties and services for large customers and trading partners.
- An important new partner, Elektrizitätswerke des Kantons Zürich (EKZ), joined the production investment company **Repartner Produktions AG**. EKZ holds a 6 per cent interest.
- To maintain the high quality of services to end-consumers, Repower bundled its **basic supply and grid use business** in a single organisational unit.

## FINANCIAL HIGHLIGHTS

	1st half-year 2017	1st half-year 2016	1st half-year 2015	1st half-year 2014
CHF million				
<b>Revenue and income</b>				
Total operating revenue	905	881	922	1,196
Income before interest, taxes, depreciation and amortisation (EBITDA)	43	51	29	57
Depreciation/amortisation, impairment and reversal of impairment	-22	-5	-63	-25
Income before interest and taxes (EBIT)	20	45	-34	32
Group result	1	18	-108	4
<b>Balance sheet</b>				
Balance sheet total at 30 June	1,681	1,792	1,780	2,014
Equity at 30 June	794	620	631	793
Equity ratio	47%	35%	35%	39%
<b>Further key figures</b>				
Energy gross margin	109	113	93	125
Economic value added	-8	8	-60	-15
Operating cash flow	19	44	11	46
Net debt	-11	233	253	308
Debt factor	-0,1	2,4	4	2,6
FFO / Net debt	-313%	23,0%	7,3%	17,8%
CAPEX*	11	9	9	11
Headcount (FTE)	569	627	671	700

\* Includes investments in tangible assets, intangible assets and associates, and loans for investment purposes



## STOCK STATISTICS

Share capital 7,390,968 registered shares at CHF 1.00 CHF 7.4 million

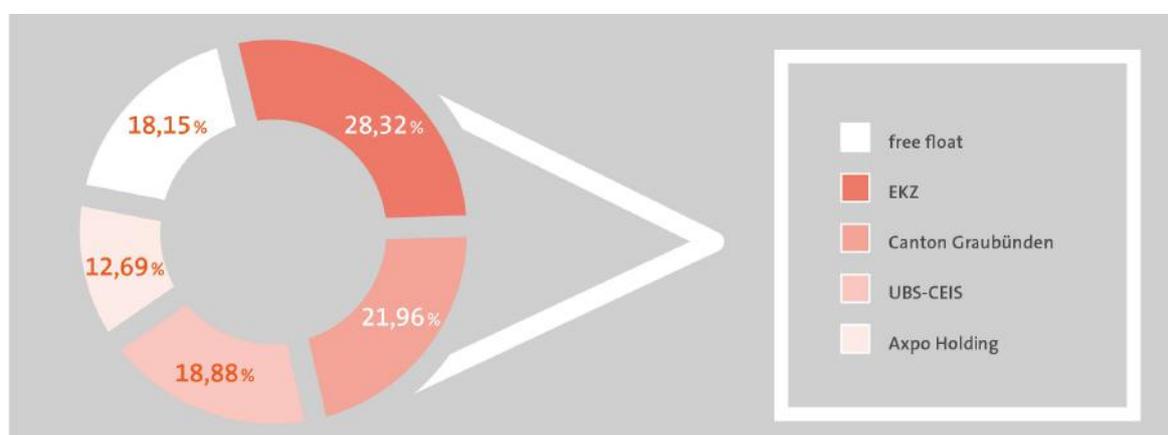
Prices (CHF) <sup>1</sup>		1st half-year 2017	1st half-year 2017 <sup>2</sup>
Registered share	High	63	48
	Low	55	40

1 Source: OTC-X, Berner Kantonalbank

2 Information is for the period from 24 May to 30 June 2016, in other words from the date the registered shares were introduced until the end of the half-year period.

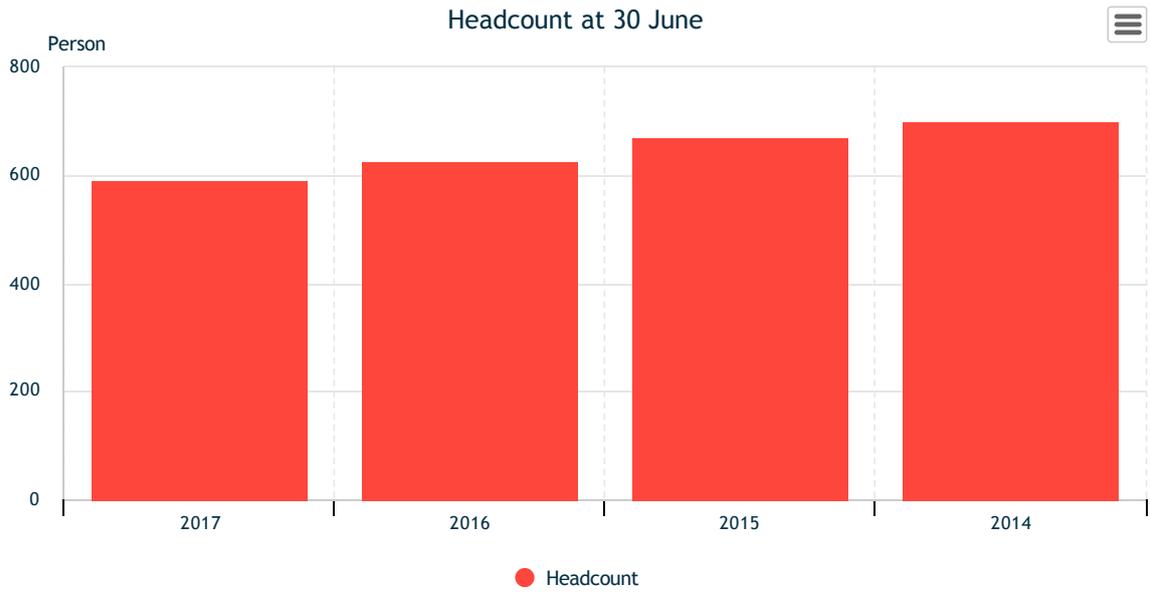
Dividend (CHF)	2016	2015	2014	2013
Registered share	0.00	0.00	0.00	2.00

## REPOWER'S SHAREHOLDER STRUCTURE



## HEADCOUNT

at 30 June	2017	2016
Switzerland	428	439
Italy	161	155
Romania	-	31
Czech Republic	-	2
<b>Total</b>	<b>589</b>	<b>627</b>
Trainees	30	30
Sales consultants Italy	606	583



The logo for Repower, featuring the word "REPOWER" in a bold, sans-serif font. The "R" is red, and the rest of the letters are black. It is mounted on a light-colored stone or concrete wall.

Semi-annual report

## Foreword from the Chairman of the Board of Directors and CEO



Repower posted operating income (EBIT) of CHF 20 million in the first half of 2017. Net profit came to CHF 1 million. The first half of 2017 was dominated by the continued implementation of the company's strategy.

### KEY EVENTS

In the first half of 2017 Repower continued its successful strategy implementation efforts. This included expanding its services for other energy utilities and large customers and acquiring interesting contracts for generation, grid, trading and sales business (see also [Market Switzerland](#)). As part of the implementation of its strategy Repower also adapted its internal structures. The company's organisation is now fully geared to the market.

In the last six months Repower also further expanded its network of Plug'n Roll electric vehicle charging points. With around 80 charging stations already installed in Graubünden and the surrounding area, Repower is the leading provider of such services in the canton.

In the first half of 2017 Repower got a new partner, Elektrizitätswerke des Kantons Zürich (EKZ), on board for the production investment company Repartner Produktions AG. EKZ acquired 6 per cent of the shares from

Repower. With Repower now holding a majority interest of 51 per cent, there is no further volume for partner shareholdings.

To assure efficient processes and be able to respond even more effectively to customer needs, Repower bundled its capabilities for supplying energy to end-consumers and the associated grid-related regulatory work in a single organisational unit.

### OPERATING ENVIRONMENT AND RESULTS

The electorate's vote in favour of the federal government's Energy Strategy 2050 in May of this year marked the recognition of hydropower as a key component of the Swiss energy supply and restored a certain amount of calm on the energy policy front. However, there will only be certainty on the actual political framework once the corresponding implementing ordinances have been formulated. Repower will work to ensure that the draft legislation is implemented in as lean and efficient a form as possible.

Another current item on the Swiss policy agenda is the future design of water rates for hydropower generation. Repower supports the energy industry's proposal for more flexible water rates; under the proposed scheme part of the charges for using water resources would be fixed, with the remainder varying in line with the market value of water. This approach guarantees local communities and the cantons fixed revenues while also taking account of the market price of electricity to which energy companies are exposed. This summer the Federal Department of the Environment, Transport, Energy and Communications (UVEK/DETEC) oversaw a public consultation on the future rules. In 2018 they will be debated by the federal parliament.

The trend in Italy in the first half of 2017 was positive, with market prices and the consumption of energy (both electricity and gas) increasing overall. This development was influenced by geopolitical factors, in particular a decline in imports of electricity from France following the shutdown of a number of nuclear power plants.

Repower's total operating revenues came to CHF 905 million in the first six months. The group recorded operating income (EBIT) of CHF 20 million and a net profit of CHF 1 million. Thanks to favourable market conditions, the Italian business made a particularly significant contribution to these earnings.

Repower continues to post very healthy balance sheet and net debt figures. At the end of the first six months the equity ratio was 47 per cent, net debt (net liquidity) had fallen to CHF –11 million (versus CHF 41 million at the end of 2016), and net debt to EBITDA was running at –0.1 (0.5 at the end of 2016).

In January Repower placed two "green" bonds (Schuldscheindarlehen) totalling EUR 50 million to complete the refinancing of parts of its portfolio of renewable generation assets.

905

CHF million

Total operating revenues 1<sup>st</sup> half-year 2017

20

CHF million

Operating income (EBIT) 1<sup>st</sup> half-year 2017

### STRATEGY

Repower's strategy rests on five pillars: key markets, services, digitisation, partnerships and sustainability.

### Key markets

Repower's key markets are Switzerland and Italy.

### Services

Repower endeavours to build on its core competencies in generation, grid and trading to become the leading provider of services.

### Digitisation

Repower develops innovative, value-adding digitisation solutions to achieve smart systems integration and greater efficiency in the interests of customers.

### Partnerships

Repower continues to develop its business model within strategic partnerships, and aims to be its customers' preferred energy partner.

### Sustainability

Repower has set the target of generating 100 per cent renewable energy. Its portfolio of generation assets will help it become the leading provider of energy and services.

The projects on which Repower was working in the first half of 2017 to continue implementation of its strategy, and examples of services for third parties are outlined in the sections on the individual markets ([Switzerland](#) and [Italy](#)).

### THANK YOU

We would like to express our warm thanks to all our staff for their hard work and commitment over the last half year. Thanks also go to our shareholders, customers and partners for the trust they place in us.

### OUTLOOK AND OBJECTIVES

Pressure on margins in the electricity industry remains high. However, thanks to the step-by-step implementation of its strategy and the group's solid capital base, Repower is well equipped for the future. It has the necessary flexibility and capabilities to constantly develop and adapt to a changing market environment. Repower posted satisfactory results for the first six months of 2017. This will not be reflected, however, in the year as a whole. Even so, Repower is correcting its earnings outlook for 2017, and now expects operating income (EBIT) in line with the results for the first half of the year.



Dr Pierin Vincenz  
Chairman of the  
Board of Directors



Kurt Bobst  
CEO



Semi-annual report

## Market Switzerland segment

### MARKET

#### Focus on sales and services

In the first half of 2017 Repower further strengthened its focus on sales and services. The company managed to acquire a number of new major customers and extend supply agreements with existing consumers. These included the Hotel Grand Resort Bad Ragaz, Elektrizitätswerk Samedan, and the retail chain Aldi, which has chosen Repower's generation plants for the green power it sells to household customers. The Sales unit also served as the hub between customers and service providers within Repower (in particular Trading) in the acquisition of numerous other contracts.

#### Guarantees of origin

Business with guarantees of origin was also gratifying in the first half of 2017. Sales was able to acquire new counterparties for trading in guarantees of origin, including Elektrizitätswerke Thun, Energie Service Biel, the Genossenschaft Elektra Oberrohrdorf cooperative, Stadtwerke Grenchen, and consumers in Germany, for example Energiehandelsgesellschaft West (EHW) and Stadtwerke Pforzheim.

#### Plug'n Roll: more than 80 electric charging points already installed

Last but not least, Repower moved forward with the expansion of the Plug'n Roll electric vehicle charging network. Many hotels and commercial establishments across Graubünden and beyond already operate one or more charging points. So far Repower has installed more than 80 such stations, and almost 2,000 electric vehicle drivers have signed up on the Plug'n Roll app.

#### Smartpower: output tariff, energy consumption visualisation and active management rolled into one

Over the first half of the year the work of the Product Management unit, newly established at the beginning of 2017, included moving forward with Smartpower, a Repower solution encompassing an output-based tariff and the Smart Manager, a device for reading measurement data, managing consumers and generation equipment and visualising the energy budget in real time. By actively managing their electrical equipment, customers can influence and optimise their energy costs. The pilot phase with trial users was officially concluded in June, and Repower will now evaluate the findings with the aim of bringing the product to market in 2018.

## SERVICE PROVISION

### TRADING

As the previous year the trading business continued to be very volatile and challenging in the first half of 2017. Delivery prices of electricity ran high, especially in January and February, at levels comparable with the fourth quarter of 2016. The main drivers were once more the low availability of thermal generation assets in Central Europe and the challenging hydrological situation in the alpine region. Among other things this also created some good opportunities on the Swiss balancing energy market. The differential in prices between Switzerland and Italy, an important factor for Repower, remained relatively narrow, albeit at a higher level than the previous year. Under such heavy margin pressure Repower had to make the best possible use of opportunities in market access arising from the high degree of volatility – something it managed to do, especially in the first quarter.

#### Energy services for third parties

Over the first six months Repower continued intensive efforts to drive its trading-related services business forward. It managed to land contracts from a number of different partners to market their energy and flexibility, including Canton Aargau's interest in the Ryburg-Schwörstadt power plant, the KEBAG waste incineration plant, and the share of the old Linth-Limmern power plant that falls to Canton Glarus. Naturally Repower also further intensified long-term service relationships, for example its work with the Swiss Federal Railways (SBB), Energie Wasser Luzern (EWL) and Kantonales Elektrizitätswerk Nidwalden (EWN). Repower's trading services also include customised energy delivery to large consumers, providing market information and access, balance group and portfolio management, and energy procurement and forecasting.

#### Energy Space: Repower's new trading portal

In the first semester Repower further stepped up development work in connection with the Energy Space web portal, which has already been made available to a number of partners and customers. The portal covers the most important market- and customer-specific information, providing partners with real-time data for analysis and billing purposes. This greatly simplifies data sharing and boosts transparency for partners.

### GRID

In the first half of 2017 Repower invested around CHF 5.7 million in extending and renewing its grids. Added to this was CHF 4.5 million invested in grid maintenance, monitoring and operation. This ongoing investment enables Repower to assure security of supply and maintain a high level of grid stability.

#### Grid services for third parties

In the first six months of the year the Grid unit continued work on various third-party contracts, as well as acquiring new business. This included grid extension work in the Lower Engadine, grid renovation in Zernez, extending existing switching stations and building new ones (in Zernez and Klosters-Serneus), and various jobs involving work on power lines on behalf of Swissgrid (in the Engadine). Last but not least, Repower has been commissioned by many local authorities to optimise their street lighting; these include Disentis and Schiers, where Repower has installed innovative LED lighting.

#### Asset Monitor: tool for efficient maintenance planning

At the end of last year Repower got the Rhaetian Railway on board as its first customer for its innovative Asset Monitor offering. Asset Monitor bundles, digitises and visualises data from infrastructure assets, enabling more efficient maintenance and better investment planning. In the first six months Repower continued work to refine the tool.

### GENERATION CH

A dry winter in 2016/17 hit generation figures in the first half of the current year. Thanks to optimum management of reservoirs, however, it was possible to compensate for the dry weather. Repower's own hydropower generation was in line with the long-term average at 348 gigawatt hours.

At the completely rebuilt Morteratsch power plant near Pontresina, which went into successful operation at the end of 2016, final work on the plant and its surroundings is under way. The plant, which runs under the feed-in remuneration at cost (KEV) scheme, will be definitively completed in the course of this summer.

### Generation services for third parties

In the first six months of the year Repower continued to work on numerous contracts for third parties. The topping out ceremony at the Avegno substation, which the group is completely modernising on behalf of Swissgrid, took place in June. The asset will be completed in 2018. Repower also landed a number of new contracts for work on substations, switching stations and water catchments from customers including Swissgrid, Engadiner Kraftwerke, Provedimaint Electric Val Müstair and the Papierfabrik Landqart paper factory. In addition, as part of a longstanding partnership Repower is replacing two switching stations for the Lyceum Alpinum Zuoz to enhance security of supply for the Lyceum and the municipality of Zuoz.

### Chlus hydropower project

The Chlus hydropower project in the Prättigau/Graubünden Rhine Valley fits perfectly with the federal government's Energy Strategy 2050 and its plans to expand hydroelectric power generation. For this reason Chlus has been rated as a project of national importance in terms of enhancing security of supply in Switzerland. Repower is at an advanced stage of planning. However, implementation of the project depends on pending decisions at the federal and cantonal level, as well as on the development of electricity prices.

### EBIT CONTRIBUTION

In the first half of 2017 Repower's Market Switzerland segment posted operating income (EBIT) of CHF –2 million (versus CHF 13 million in the first half of 2016).



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## Market Italy segment

### SALES

On the whole, market conditions for sales in Italy were good in the first half of 2017. Sales of gas went particularly well. Sales of electricity benefited from a decline in electricity imports from France and the resulting increase in prices.

#### Growth strategy in sales and expansion of agent network

The Italian distribution network now comprises more than 600 agents operating all over the country. In the first six months Repower continued to strengthen its distribution structures with recruitment and training measures. The goal is to always have access to a network of consultants in proportion to growth in the sales business. Repower has the strategic intention of further stepping up the sale of electricity and gas, including value-added services (VASS) in Italy, in the next few years.

In recent years it has already launched numerous additional services for SME customers: VAMPA, a product that uses heat imaging to detect faults in electrical equipment; eFFettiva, a service designed to analyse and improve energy efficiency at SMEs; FOCUS and FOCUS click, an energy audit for business customers; and DIODA, a service for setting up equipment with LED lighting.

#### Collaboration with MINI

In the first half of 2017 Repower also successfully initiated a partnership with MINI (owned by the BMW Group) in connection with the launch of the marque's first plug-in hybrid model. The kick-off of the partnership was marked by various communications measures and events. Repower produced six specially designed PALINA charging stations with the graphic "Repower X MINI", which were presented at events including the Triennale in Milan. Repower was also present with MINI at the Parco Valentino motor show in Turin.

### TRADING IN MILAN

#### Gratifying gas business

Trading generated particularly good results with gas. The reasons were low transport costs, high demand and good price forecasts that boosted business.

### GENERATION

#### Very good contribution from Teverola combined-cycle gas turbine plant

The Teverola combined-cycle gas turbine plant in Campania delivered very good generation figures and thus good margins in the first half of 2017. Demand for balancing energy on the ancillary services market was better than expected. Repower's wind farms – Lucera in Apulia, Corleto Perticara in Basilicata and Giunchetto

in Sicily – also performed well thanks to high prices. However, refurbishment work is scheduled at the Teverola plant in the second half of the year. Added to seasonal factors, this means that the good results of the first six months will not be reflected in the year as a whole.

#### INNOVATION

##### Ricarica 101: charging network for stress-free electric vehicle travel throughout Italy

In the first half of 2017 further progress was made on Ricarica 101, a project to set up a network of charging points for electric vehicles. The aim is to banish so-called range anxiety, drivers' worry that they won't find a station to recharge their vehicle. Already 170 customers from all over Italy have opted to install a PALINA BURRASCA to enable stress-free travel by electric vehicle throughout the country. The network is run by recognised premium establishments such as hotels, restaurants, golf resorts and others. Given the success of Ricarica 101 and the great interest it has engendered, Repower is already working to make the network denser and more extensive.

#### EBIT CONTRIBUTION

The Market Italy segment's contribution to group operating income (EBIT) in the first half of 2017 was CHF 23 million (versus CHF 28 million in the first half of 2016).



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## Other segments and activities

### GROUP FUNCTIONS

Human Resources & Business Support, Legal & Risk and Finance and IT are internal group functions providing specific know-how and competences in the service of Repower's market-oriented organisation. In the first half of 2017 they continued to provide other departments with lean processes and expert advice on HR, legal, financial and IT matters.

In the first six months Repower made various minor divestments (property and foreign companies) which all in all had a slightly positive impact on results.

### SUSTAINABILITY AT REPOWER: MORE THAN WORKPLACE SAFETY, THE ENVIRONMENT AND CERTIFICATIONS

Repower places great emphasis on workplace safety, the environment and certifications, and has an integrated management system to ensure high standards in these areas. For a number of years this has included two systems for managing employee health and safety (BS OHSAS 18001:2007) and the environment (SN EN ISO 14001:2015). Both these management systems are due for recertification in the second half of 2017. Added to this, the Generation and Grid units will see certification of their quality management system for the first time (SN EN ISO 9001:2015).

These management systems have already brought about demonstrable successes in areas such as health and safety at work. In recent years Repower has managed to substantially reduce absences due to illness and workplace accidents thanks to a series of preventive measures.

But for Repower, sustainability goes way beyond the certification of its management systems. Sustainability has been defined by management as one of the key elements of Repower's strategy, and it therefore impacts every area of the business. For example Repower supplies its customers in Switzerland with electricity from 100 per cent renewable resources. The company is also working towards a completely renewable portfolio of generation assets.

In the first half of 2017 Repower also had ecoVadis evaluate its corporate social responsibility (CSR), receiving a silver medal.



**EBIT CONTRIBUTION**

Other segments and activities posted operating income (EBIT) of CHF –1 million in the first half of 2017 (versus CHF 5 million in the first half of 2016).

# Consolidated income statement

CHF thousands		1.1.-30.06.2017 unaudited	1.1.-30.06.2016 unaudited
	Note		
Net sales		887,510	850,484
Own costs capitalised		2,499	3,577
Other operating income		14,684	26,663
<b>Total operating revenue</b>		<b>904,693</b>	<b>880,724</b>
Energy procurement		-778,383	-737,504
Concession fees		-8,925	-8,034
Personnel expenses		-34,390	-36,919
Material and third party services		-15,890	-17,173
Other operating expenses		-24,548	-30,562
<b>Income before interest, taxes, depreciation and amortisation (EBITDA)</b>		<b>42,557</b>	<b>50,532</b>
Depreciation/amortisation, impairment and reversal of impairment	4	-22,259	-5,067
<b>Income before interest and taxes (EBIT)</b>		<b>20,298</b>	<b>45,465</b>
Financial income		4,921	2,824
Financial expenses		-13,381	-19,860
Share of results of associates and joint ventures		-1,687	-1,676
<b>Income before taxes</b>		<b>10,151</b>	<b>26,753</b>
Income taxes		-9,078	-8,833
<b>Group result</b>		<b>1,073</b>	<b>17,920</b>
Share of Group result attributable to Repower shareholders and participants		249	15,583
Share of Group result attributable to non-controlling interests		824	2,337
Earnings per share (undiluted)		CHF 0.03	CHF 4.57

There are no factors resulting in a dilution of earnings per share.

# Consolidated statement of comprehensive income

CHF thousands		1.1.-30.06.2017 unaudited	1.1.-30.06.2016 unaudited
	Note		
<b>Group result</b>		<b>1,073</b>	<b>17,920</b>
<b>Other comprehensive income after taxes, non-recyclable</b>			
Actuarial profit/loss from pension plans of fully consolidated companies		2,138	-7,736
Actuarial profit/loss from pension plans of associates		283	-249
Income taxes		-354	1,314
<b>Total Other comprehensive income after taxes, non-recyclable</b>		<b>2,067</b>	<b>-6,671</b>
<b>Other comprehensive income after taxes, recyclable</b>			
Currency translation			
Effect from currency translation of fully consolidated companies		1,557	-317
Reclassified into profit or loss statement		-561	-
Effect from currency translation of associates		118	35
<b>Total Other comprehensive income after taxes, recyclable</b>		<b>1,114</b>	<b>-282</b>
<b>Other comprehensive income</b>		<b>3,181</b>	<b>-6,953</b>
<b>Total comprehensive income</b>		<b>4,254</b>	<b>10,967</b>
Share of profit or loss and other comprehensive income attributable to Repower shareholders and participants		3,066	8,484
Share of profit or loss and other comprehensive income attributable to non-controlling interests		1,188	2,483

## Consolidated balance sheet

CHF thousands		30.06.2017 unaudited	31.12.2016
<b>Assets</b>	Note		
Tangible assets		745,435	756,520
Intangible assets		7,556	7,673
Investments in associates and joint ventures		20,847	20,528
Other financial assets		8,576	7,322
Deferred tax assets		31,447	41,614
<b>Non-current assets</b>		<b>813,861</b>	<b>833,657</b>
Inventories		19,099	16,343
Receivables		307,911	353,195
Current income tax receivables		7,340	7,869
Prepaid expenses and accrued income		3,823	2,161
Securities and other financial instruments		120,352	37,285
Positive replacement values held for trading positions		80,809	147,772
Cash and cash equivalents	5	327,335	298,420
<b>Current assets</b>		<b>866,669</b>	<b>863,045</b>
Assets held for sale	7	-	8,321
<b>Total assets</b>		<b>1,680,530</b>	<b>1,705,023</b>

CHF thousands		30.06.2017 unaudited	31.12.2016
	Note		
<b>Liabilities and shareholders' equity</b>			
Share capital		7,391	7,391
Participation capital		-	-
Treasury shares		-1	-1
Retained earnings (including Group result)		772,810	770,641
Actuarial profit/loss from pension plans		-4,343	-6,381
Accumulated translation differences		-53,811	-54,943
<b>Shareholders' equity excluding non-controlling interests</b>		<b>722,046</b>	<b>716,707</b>
Non-controlling interests		72,054	46,715
<b>Shareholders' equity</b>		<b>794,100</b>	<b>763,422</b>
Pension provisions		47,893	48,541
Other non-current provisions		29,378	29,756
Deferred tax liabilities		24,967	25,323
Non-current financial liabilities		346,504	293,769
<b>Non-current liabilities</b>		<b>448,742</b>	<b>397,389</b>
Current income tax liabilities		547	1,470
Current financial liabilities		32,000	19,811
Negative replacement values held for trading positions		74,381	141,941
Other current provisions		537	492
Other current liabilities		312,955	362,721
Deferred income and accrued expenses		17,268	17,777
<b>Current liabilities</b>		<b>437,688</b>	<b>544,212</b>
<b>Liabilities</b>		<b>886,430</b>	<b>941,601</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,680,530</b>	<b>1,705,023</b>

## Changes in consolidated shareholders' equity

	Share capital	Participation capital	Treasury shares	Retained earnings	Actuarial profit/loss from pension plans	Accumulated translation differences	Shareholders' equity excluding non-controlling interests	Non-controlling interests	Total shareholders' equity
<b>Equity at 1 January 2016</b>	2,783	625	-	623,265	-3,584	-55,283	567,806	32,063	599,869
Group result				15,583			15,583	2,337	17,920
Other comprehensive income					-6,557	-542	-7,099	146	-6,953
<b>Comprehensive income for the period</b>				15,583	-6,557	-542	8,484	2,483	10,967
Refund of unclaimed dividends				8			8		8
Costs of capital increase				-940			-940		-940
Reclassification to retained earnings				-5	5		-		-
Dividends								-275	-275
Conversion participation capital in share capital	625	-625							
Purchase/sale of non-controlling interests				-890		171	-719	2,632	1,913
Capital increase, non-controlling interests				74			74	8,860	8,934
<b>Equity at 30 June 2016</b>									
unaudited	3,408	-	-	637,095	-10,136	-55,654	574,713	45,763	620,476
<b>Equity at 1 January 2017</b>	7,391	-	-1	770,641	-6,381	-54,943	716,707	46,715	763,422
Group result				249	-	-	249	824	1,073
Other comprehensive income					2,038	779	2,817	364	3,181
<b>Comprehensive income for the period</b>				249	2,038	779	3,066	1,188	4,254
Dividends								-553	-553
Purchase/sale of treasury shares				-18			-18		-18
Purchase/sale of non-controlling interests				1,938		353	2,291	6,705	8,996
Capital increase, non-controlling interests								17,999	17,999
<b>Equity at 30 June 2017</b>									
unaudited	7,391	-	-1	772,810	-4,343	-53,811	722,046	72,054	794,100

# Consolidated cash flow statement

CHF thousands		1.1.-30.06.2017 unaudited	1.1.-30.06.2016 unaudited
	Note		
Income before taxes		10,151	26,753
Change in			
Result from sales/liquidations of subsidiaries / disposal groups	3/7	-1,062	-1,643
Own costs capitalised		-2,499	-3,577
Depreciation/amortisation, impairment and reversal of impairment		22,259	5,067
Net financial result		8,460	17,036
Share of results of associates		1,687	1,676
Change in pension provisions (without interests)		1,257	1,119
Change in other long term provisions (without interests)		-1,023	-5,150
Other income and expenses not affecting cash		-872	-10,234
Change in net-current assets (excl. securities and other financial instruments)		-16,576	17,150
Other financial cash outflow and inflow		-3,330	-3,742
Income taxes paid/received		858	-953
<b>Cash flow from operating activities</b>		<b>19,310</b>	<b>43,502</b>
Additions of tangible and intangible assets	9	-8,322	-7,254
Sales of tangible and intangible assets		3,243	15,493
Disposal of subsidiaries / disposal groups	9	14,668	4,136
Granting of active loans		-3,000	-2,000
Repayments of non current financial assets		320	10,324
Additions of current and non-current financial assets		-105,000	-45,000
Disposals of current and non-current financial assets		19,998	-
Dividends received		3	53
Interest received		98	536
<b>Cash flow from investing activities</b>		<b>-77,992</b>	<b>-23,712</b>
Increase in financial liabilities	3/9	93,852	386
Repayment of financial liabilities		-32,348	-1,537
Transaction costs of capital increase		-	-599
Dividend payments		-553	-275
Refund of unclaimed dividends		-	8
Purchase/sale of treasury shares		-18	-
Purchase of non-controlling interests		-	-133
Sale of non-controlling interests	3	8,996	2,046
Capital increase done by non-controlling interests		17,999	-
Interest paid		-3,297	-4,044
<b>Cash flow from financing activities</b>		<b>84,631</b>	<b>-4,148</b>
Translation differences		2,966	1,807
<b>Change in cash and cash equivalents</b>		<b>28,915</b>	<b>17,449</b>
Cash and cash equivalents at 1 January		298,420	398,133
<b>Cash and cash equivalents at 30 June</b>	<b>5</b>	<b>327,335</b>	<b>415,582</b>

# Notes to the interim consolidated financial statements

## 1 INFORMATION ON THE COMPANY

Repower AG, Brusio, is a stock company with its registered offices in Switzerland. Repower is a vertically integrated group operating in the generation, management, trading, sales, transmission and distribution of electricity in Switzerland and abroad. The company also trades and sells gas, emission certificates and certificates of origin in selected European markets.

## 2 PRINCIPLES OF CONSOLIDATION

### PRINCIPLES

The unaudited interim consolidated financial statements of the Repower Group as at 30 June 2017 have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting. The interim consolidated financial statements do not include all the information disclosed in the consolidated annual financial statements, and should therefore be read in conjunction with the consolidated annual financial statements for the period to 31 December 2016.

The following exchange rates were used for the most important foreign currency:

Currency	Unit	Closing exchange rate	Average exchange rate
		30.06.2017	1.1.-30.06.2017
EUR	1	1,09300	1,0765

Unrealised gains and losses on transactions resulting from exchange rate fluctuations between group companies are recognised in the consolidated cash flow statement under other income and expenses not affecting cash.

### ACCOUNTING AND VALUATION PRINCIPLES

The accounting and valuation methods used in these interim consolidated financial statements correspond to the methods applied in the consolidated annual financial statements for the period to 31 December 2016. New or revised accounting and valuation principles have no significant impact on Repower's financial reporting for the six-month period just passed.

## 3 CHANGES IN CONSOLIDATIONS

### CHANGES IN THE OWNERSHIP INTERESTS WITHOUT LOSS OF CONTROL

In the first half of 2017 Repower sold another 6 per cent of its interest in Repartner Produktions AG to the related party Elektrizitätswerke des Kantons Zürich (EKZ). The net cash inflow for the sale of the interest and the shareholder's loans granted to date come to TCHF 8,996 and TCHF 6,504 respectively. The disposal of the loans generated financial income of TCHF 466. The net cash inflow of TCHF 8,996 is offset against minority interests of TCHF 6,705. The difference of TCHF 2,291 was allocated to the majority shareholder's capital.

### CONSEQUENCES OF THE LOSS OF SUBSIDIARY CONTROL

In the first six months the companies Elbe Beteiligungs AG in Liquidation, Repower Trading Česká republika s.r.o. v likvidaci, Repower Hrvatska d.o.o. u likvidaciji and S.C. Repower Vanzari Romania S.R.L. were wound up. Cumulative translation gains and losses amounting to TCHF 659 and TCHF 98 respectively were reclassified in other segments and activities. The impact on income is shown under other operating income and other operating expenses.

#### 4 IMPAIRMENT LOSSES AND GAINS ON NON-CURRENT ASSETS

The first half of 2017 saw neither impairment losses nor gains.

In the equivalent prior-year period impairment losses on tangible assets of TCHF 17,459 were disclosed.

#### 5 CASH AND CASH EQUIVALENTS FOR THE CASH FLOW STATEMENT

	30.06.2017	30.06.2016
CHF thousands		
Cash and cash equivalents	327,335	413,139
Cash and cash equivalents held for sale	-	2,443
<b>Total</b>	<b>327,335</b>	<b>415,582</b>

#### 6 ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS AND POSITIONS MEASURED AT FAIR VALUE

	30.06.2017 Carrying amount	31.12.2016 Carrying amount
CHF thousands		
<b>Assets</b>		
Forward foreign currency contracts	227	2,160
Energy trading transactions	80,809	147,772
<b>Held for trading</b>	<b>81,036</b>	<b>149,932</b>
<b>Derivative financial instruments</b>	<b>81,036</b>	<b>149,932</b>
Active loans	5,192	3,934
Fixed term deposits (4-12 months)	120,000	35,000
Receivables	298,426	344,465
Trade accounts receivables	269,741	313,852
Other receivables	28,685	30,613
Prepaid expenses and accrued income	26	39
Cash and cash equivalents	327,335	298,420
<b>Loans and receivables</b>	<b>750,979</b>	<b>681,858</b>
Shares, bonds, other securities	125	125
<b>Held for trading</b>	<b>125</b>	<b>125</b>
Other financial assets	3,384	3,388
<b>Available for sale</b>	<b>3,384</b>	<b>3,388</b>
<b>Non-derivative financial instruments</b>	<b>754,488</b>	<b>685,371</b>
<b>Total</b>	<b>835,524</b>	<b>835,303</b>

	30.06.2017 Carrying amount	31.12.2016 Carrying amount
CHF thousands		
<b>Liabilities</b>		
Forward foreign currency contracts	2,942	308
Energy trading transactions	74,381	141,941
Interest rate swaps	13,207	19,736
<b>Held for trading</b>	<b>90,530</b>	<b>161,985</b>
<b>Derivative financial instruments</b>	<b>90,530</b>	<b>161,985</b>
Received loans	333,254	273,980
Current financial liabilities	29,037	19,482
Liabilities for financial leasing	64	74
Other current liabilities	309,357	361,216
Trade accounts payable	294,469	346,003
Other liabilities	14,888	15,213
Accrued expenses	14,309	11,867
<b>Other financial liabilities</b>	<b>686,021</b>	<b>666,619</b>
<b>Non-derivative financial instruments</b>	<b>686,021</b>	<b>666,619</b>
<b>Total</b>	<b>776,551</b>	<b>828,604</b>

#### Reconciliation 30.06.2017 carrying value (assets)

	Securities and other financial instruments	Receivables	Positive replacement values HFT positions	Other financial assets	Prepaid expenses and accrued income	Cash and cash equivalents
CHF thousands						
<b>Derivative financial instruments</b>						
<b>Held for trading</b>						
Forward foreign currency contracts	227					
Energy trading transactions			80,809			
<b>Non-derivative financial instruments</b>						
<b>Loans and receivables</b>						
<b>Active loans</b>				5,192		
Fixed term deposits (4-12 months)	120,000					
Receivables		298,426				
Prepaid expenses and accrued income					26	
Cash and cash equivalents						327,335
<b>Held for trading</b>						
Shares, bonds, other securities	125					
<b>Available for sale</b>						
Other financial assets				3,384		
<b>Total</b>	<b>120,352</b>	<b>298,426</b>	<b>80,809</b>	<b>8,576</b>	<b>26</b>	<b>327,335</b>
<b>Non-financial instruments</b>		9,485			3,797	
<b>Balance sheet amount</b>	<b>120,352</b>	<b>307,911</b>	<b>80,809</b>	<b>8,576</b>	<b>3,823</b>	<b>327,335</b>

## Reconciliation 31.12.2016 carrying value (assets)

	Securities and other financial instruments	Receivables	Positive replacement values HfT positions	Other financial assets	Prepaid expenses and accrued income	Cash and cash equivalents
CHF thousands						
<b>Derivative financial instruments</b>						
<b>Held for trading</b>						
Forward foreign currency contracts	2,160					
Energy trading transactions			147,772			
<b>Non-derivative financial instruments</b>						
<b>Loans and receivables</b>						
<b>Active loans</b>						
Fixed term deposits (4-12 months)	35,000			3,934		
Receivables		344,465				
Prepaid expenses and accrued income					39	
Cash and cash equivalents						298,420
<b>Held for trading</b>						
Shares, bonds, other securities	125					
<b>Available for sale</b>						
Other financial assets				3,388		
<b>Total</b>	<b>37,285</b>	<b>344,465</b>	<b>147,772</b>	<b>7,322</b>	<b>39</b>	<b>298,420</b>
<b>Non-financial instruments</b>		<b>8,730</b>			<b>2,122</b>	
<b>Balance sheet amount</b>	<b>37,285</b>	<b>353,195</b>	<b>147,772</b>	<b>7,322</b>	<b>2,161</b>	<b>298,420</b>

## Reconciliation 30.06.2017 carrying value (liabilities)

	Non-current financial liabilities	Current financial liabilities	Negative replacement values HfT positions	Other current liabilities	Deferred income and accrued expenses
CHF thousands					
<b>Derivative financial instruments</b>					
<b>Held for trading</b>					
Forward foreign currency contracts		2,942			
Energy trading transactions			74,381		
Interest rate swaps	13,207				
<b>Non-derivative financial instruments</b>					
<b>Other financial liabilities</b>					
Received loans	333,254				
Current financial liabilities		29,037			
Liabilities for financial leasing	43	21			
Other current liabilities				309,357	
Accrued expenses					14,309
<b>Total</b>	<b>346,504</b>	<b>32,000</b>	<b>74,381</b>	<b>309,357</b>	<b>14,309</b>
<b>Non-financial instruments</b>				<b>3,598</b>	<b>2,959</b>
<b>Balance sheet amount</b>	<b>346,504</b>	<b>32,000</b>	<b>74,381</b>	<b>312,955</b>	<b>17,268</b>

## Reconciliation 31.12.2016 carrying value (liabilities)

	Non-current financial liabilities	Current financial liabilities	Negative replacement values HfT positions	Other current liabilities	Deferred income and accrued expenses
CHF thousands					
<b>Derivative financial instruments</b>					
<b>Held for trading</b>					
Forward foreign currency contracts		308			
Energy trading transactions			141,941		
Interest rate swaps	19,736				
<b>Non-derivative financial instruments</b>					
<b>Other financial liabilities</b>					
Received loans	273,980				
Current financial liabilities		19,482			
Liabilities for financial leasing	53	21			
Other current liabilities				361,216	
Accrued expenses					11,867
<b>Total</b>	<b>293,769</b>	<b>19,811</b>	<b>141,941</b>	<b>361,216</b>	<b>11,867</b>
<b>Non-financial instruments</b>				1,505	5,910
<b>Balance sheet amount</b>	<b>293,769</b>	<b>19,811</b>	<b>141,941</b>	<b>362,721</b>	<b>17,777</b>

The carrying amount of each financial instrument represents a reasonable estimate for the fair value, with the exception of the following positions:

	30.06.2017 Carrying amount	30.06.2017 Fair value	31.12.2016 Carrying amount	31.12.2016 Fair value
CHF thousands				
Received loans (incl. long term leasing)	333,297	370,177	274,033	309,193

### Measurement hierarchy

Measurements at fair value in the balance sheet are classified using a three-level hierarchy based on the type and quality of the fair values (market prices). The following levels exist:

Level 1: Publicly quoted market prices for the respective financial instrument (e.g. stock market prices)

Level 2: Market prices that are not generally accessible and possibly derived from prices for similar financial instruments or underlying goods

Level 3: Prices that are not based on market data

### FAIR VALUE HIERARCHY

#### Recurring measurement of assets

	30.06.2017	Level 1	Level 2	Level 3
CHF thousands				
Forward foreign currency contracts	227		227	
Energy trading transactions	80,809		80,809	
<b>Derivative financial instruments</b>	<b>81,036</b>	-	<b>81,036</b>	-
Shares, bonds, other securities	125		125	
<b>Non-derivative financial instruments</b>	<b>125</b>	-	<b>125</b>	-

## Recurring measurement of liabilities

	30.06.2017	Level 1	Level 2	Level 3
CHF thousands				
Forward foreign currency contracts	2,942		2,942	
Energy trading transactions	74,381		74,381	
Interest rate swaps	13,207		13,207	
<b>Derivative financial instruments</b>	<b>90,530</b>	-	<b>90,530</b>	-
Received loans (incl. long term leasing)	370,177		370,177	
<b>Financial instruments that are not measured at fair value</b>	<b>370,177</b>	-	<b>370,177</b>	-

## Recurring measurement of assets

	31.12.2016	Level 1	Level 2	Level 3
CHF thousands				
Forward foreign currency contracts	2,160	-	2,160	-
Energy trading transactions	147,772	-	147,772	-
<b>Derivative financial instruments</b>	<b>149,932</b>	-	<b>149,932</b>	-
Shares, bonds, other securities	125	-	125	-
<b>Non-derivative financial instruments</b>	<b>125</b>	-	<b>125</b>	-

## Recurring measurement of liabilities

	31.12.2016	Level 1	Level 2	Level 3
CHF thousands				
Forward foreign currency contracts	308	-	308	-
Energy trading transactions	141,941	-	141,941	-
Interest rate swaps	19,736	-	19,736	-
<b>Derivative financial instruments</b>	<b>161,985</b>	-	<b>161,985</b>	-
Received loans (incl. long term leasing)	309,193	-	309,193	-
<b>Financial instruments that are not measured at fair value</b>	<b>309,193</b>	-	<b>309,193</b>	-

There is currently no incident-related measurement at fair value of assets and debts after their first-time use.

In the Repower Group, transfers of positions measured at fair value to and from a level generally take place at the end of the period. There were no transfers between levels in the first half of 2017. There were no changes in the measurement methods nor were items measured at fair value shifted within the individual categories.

**Basic measurement methods and assumptions**

Fair values are determined by applying standard market measurement methods taking into account the market data available on the measurement date. The measurement methods and assumptions used to calculate fair values are as follows:

The price curves of the last trading day for the various products and maturities on stock exchanges or with brokers are incorporated into the measurement of the energy trading transactions (positive/negative replacement values of the held-for-trading positions) classified as Level 2. The replacement value is the difference in price compared to the closing price.

Observable currency curves of active markets are incorporated into the fair value measurement of forward exchange transactions. Interest rate differences between individual currencies are taken into account when determining the fair value.

Observable yield curves of active markets are incorporated into the fair value measurement of interest rate swaps.

A present value calculation is used to determine the fair value of the non-current credits. Observable capital market rates on active markets are used as input parameters and increased by Repower's observable credit risk. Credits in euros are converted to Swiss francs at the closing rate.

## 7 ASSETS AND LIABILITIES HELD FOR SALE

Tangible assets with a carrying value of TCHF 8,321 held for sale at 31 December 2016 relate to the Morteratsch hydropower plant in the Market Switzerland segment.

In the first half of 2017, the Morteratsch hydropower plant was sold to the joint venture Kraftwerk Morteratsch AG. Gains on disposal of TCHF 501 were disclosed under other operating income in the Market Switzerland segment.

## 8 SEGMENT REPORTING

	Market Switzerland	Market Italy	Other segments and activities and consolidation	Group
CHF thousands				
<b>1.1.-30.06.2017</b>				
Net sales from energy sales - third parties	276,518	583,002	-	859,520
Net sales from energy sales between segments	15,944	15,266	-31,210	-
Income from held for trading positions - third parties	8,535	19,455	-	27,990
Income from held for trading positions between segments	-5,171	5,181	-10	-
<b>Net sales</b>	<b>295,826</b>	<b>622,904</b>	<b>-31,220</b>	<b>887,510</b>
<b>Income before interest and taxes (EBIT)</b>	<b>-2,109</b>	<b>23,086</b>	<b>-679</b>	<b>20,298</b>
Financial income				4,921
Financial expenses				-13,381
Share of results of associates				-1,687
<b>Income before taxes</b>				<b>10,151</b>

On 30 June 2017 the non-current assets are allocated to the segments as follows:

	Market Switzerland	Market Italy	Other segments and activities and consolidation	Group
CHF thousands				
<b>1.1.-30.06.2017</b>				
Tangible assets	584,357	139,585	21,493	745,435
Intangible assets	2,647	4,322	587	7,556
Investments in associates and partner plants	17,360	3,487	-	20,847
<b>Total non-current assets</b>	<b>604,364</b>	<b>147,394</b>	<b>22,080</b>	<b>773,838</b>

	Market Switzerland	Market Italy	Other segments and activities and consolidation	Group
CHF thousands				
<b>1.1.-30.06.2016</b>				
Net sales from energy sales - third parties	233,666	572,185	65,843	871,694
Net sales from energy sales between segments	30,928	12,532	-43,460	-
Income from held for trading positions - third parties	1,211	-22,411	-10	-21,210
Income from held for trading positions between segments	-1,948	1,953	-5	-
<b>Net sales</b>	<b>263,857</b>	<b>564,259</b>	<b>22,368</b>	<b>850,484</b>
<b>Income before interest and taxes (EBIT)</b>	<b>12,799</b>	<b>28,144</b>	<b>4,522</b>	<b>45,465</b>
Financial income				2,824
Financial expenses				-19,860
Share of results of associates				-1,676
<b>Income before taxes</b>				<b>26,753</b>

## 9 ADDITIONAL DISCLOSURES

Repower placed two green bonds (Schuldscheindarlehen), issue date 23 January 2017, totalling TCHF 53,635 (TEUR 50,000), with terms of 7 and 8 years respectively.

The shareholders have granted Repartner Produktions AG a loan as part of a plant-based energy supply agreement involving the supply of around 240 GWh per year, starting 1 January 2017, from the electricity generated by the Klosters, Schlappin and Küblis plants. TCHF 51,600 flowed to Repower from a consolidated point of view. The terms of the loan stipulate repayment on a straight-line basis over 69 years at a nominal interest rate of 0.25 per cent. The fair value (present value of expected future cash flows) of the loan is TCHF 33,601. The interest rate advantage, amounting to TCHF 17,999, was classified as a hidden contribution which was taken into account as a capital increase in non-controlling interests.

Profits from the sale/liquidation of group companies comprise proceeds of TCHF 10,056 from the sale of Morteratsch power plant to Kraftwerk Morteratsch AG and a payment on account of TCHF 4,612 received on an adjustment in the purchase price for Repower's high-voltage grid, which was transferred to Swissgrid in 2013. The payment on account received was classified as a liability.

Acquisitions of tangible and intangible assets totalled TCHF 8,322 in the first half of 2017. These mainly relate to investments in various grid installations, power plants, hardware and software.

## 10 CONTINGENT LIABILITIES AND WARRANTY LIABILITIES

The Repower Group is involved in various legal disputes arising from its day-to-day business operations. However, as things stand at present these are not expected to give rise to any significant risks and costs for the group. The Executive Board has made the requisite provisions based on currently available information and estimates. There are no other contingent liabilities or guarantees.

## 11 ESTIMATION UNCERTAINTY

Management makes estimates and assumptions in line with IFRS accounting rules that affect the assets, liabilities, income and expenses of the reported figures and how they are presented. The actual values may deviate from the estimated values.

## 12 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The interim consolidated financial statements were approved by the Board of Directors on 21 August 2017.

Since 30 June 2017 there have been no other events which require disclosure.





Semi-annual report

## Events

### The next dates in Repower's financial calendar:

- **30 October 2017:** Analysts' and investors' meeting
- **10 April 2018:** Information on the 2017 financial year
- **16 May 2018:** Annual general meeting in Landquart

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**August 2017**

