

Weekly SME Portrait

Unlisted shares - Switzerland

3. November 2014

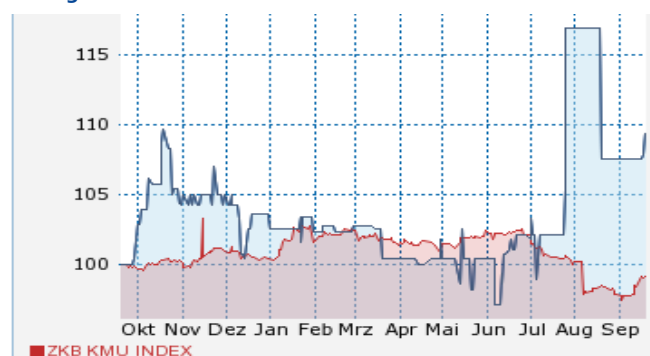
Holdigaz SA

Key figures

Bid price	148.00
Ask price (as at 25 September 2014)	156.00
Security number	2 05 0 274

Source: Zürcher Kantonalbank

Holdigaz SA vs. ZKB KMU Index



Source: Zürcher Kantonalbank

Activities

Holdigaz SA, with registered office in Vevey, was created in 2005 from the merger of Compagnie Industrielle et Commerciale du Gaz SA, Vevey, established in 1861 and Société du Gaz de la Plaine du Rhône SA, Aigle, established in 1922. Together with Cosvegaz, which was reactivated in 2007, the company supplies 168 municipalities in the Cantons of Vaud, Valais and Fribourg through its 1,665 km network. The entire gas supply is purchased from Gaznat in which Holdigaz holds a 15.60% stake. Together with various subsidiaries, the Group is also active in the areas of sanitation, renewable energy (solar and biogas) and heating and air conditioning. The company's core business is selling natural gas (69% of total revenue) and providing facilities to industrial companies (space and process heating, refrigeration, air conditioning etc.) and private households (primarily home energy and heating). The gas can also

be used as fuel for cars. Installations represent around 22% of total revenue. Renewable energy accounts for the remaining 5.8%.

Principal shareholders

The principal shareholders are the municipalities of Vevey with 10.1% and Montreux with around 7.4%; other neighbouring municipalities hold a further 26% between them. A shareholders' agreement governing the sale of shares has been entered into with all these municipalities. This requires that any offer must first be made to the other municipalities. If no agreement is reached, Holdigaz SA must be consulted.

2013/14 financial year

In the 2013/2014 financial year ended 31 March 2014, the Holdigaz Group generated revenue of CHF 251.8 million, representing a year-on-year increase of 0.4%. At CHF 26.1 million, consolidated net profit is up 2.7% on the previous year. Due to these excellent results, shareholders have benefited from a 7.7% dividend increase to CHF 3.50 per share. During the year under review, the Group's three distribution companies, Compagnie Industrielle et Commerciale du Gaz (Vevey), Société du Gaz de la Plaine du Rhône (Aigle) and Cosvegaz (Cossonay) supplied 1.6 billion kWh of natural gas through their networks, down 3.1% on the previous year. This decline is due to the unusually mild temperatures last winter. This figure includes 15.9 billion kWh of biogas produced at the Lavigny, Roche and Penthaz locations. The other segments combined boosted sales revenue by 6.5%.

Outlook

As part of its drive to promote renewable energy, Holdigaz will implement further projects in the current financial year, such as converting wood residues into syngas. In conjunction with Gaznat, the Group will also continue the investigations undertaken by Petro-svibri in Noville with a view to collecting more information on gas reserves that can be exploited commercially.

Zürcher Kantonalbank, Trading in unlisted shares: Joël Frey, Patrick Häfeli 044 293 65 04; Sales: André Spillmann 044 293 65 58

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Internet: www.zkb.ch/ekmux
Reuters: ZKBOTC

Datastream: Zürcher Kantonalbank/Equities
Telekurs: Zürcher Kantonalbank

Conclusion

Holdigaz SA shareholders were rewarded this year by share price performance of 5.88%, which was higher than the sector average. Revenue increased in spite of the difficulties mentioned. The balance sheet is robust, with an equity ratio of 47.17%. Despite the large number of subsidiaries involved, goodwill accounts for just 5% of shareholders' equity. The financial statements are prepared in accordance with the Swiss Code of Obligations, which permits the creation of substantial hidden reserves on the balance sheet. Past writedowns made in respect of the gas grid were higher than necessary, which weighed on profits. The shares fall into the category of Swiss value stocks. The company has achieved high double-digit EBITDA margins, but it remains to be seen whether these can be maintained in future. The Lake Geneva gas project was the company's primary focus in recent years, which was also a major factor in driving up the share price. The initial waves caused by the project have now subsided. (Further information on the Lake Geneva project is available in the DMO dated 11 October 2013). Companies in Western Switzerland are reliable dividend payers and are expected to remain strong performers in future. Changes in the price of natural gas are among the principal risks.

Capital structure

Share capital:	CHF 20.5 million
Number of shares:	2'050'000 registered shares
Par value:	CHF 10.00
Market capitalisation:	CHF 303.4 million
Restricted transferability:	No information
Shareholders:	Mun. Vevey 10.1%, Mun. Montreux 7.4%
Employees:	440
Exchange:	www.zkb.ch/ekmux

Source: Holdigaz SA

Board of Directors/Management

Philippe Petitpierre	Chairman
Antoine de Lattre	CEO
Rechnungslegung:	Swiss Code of Obligations

Income Statement / balance sheet (in CHF million)

	2011/12	2012/13	2013/14
Operating income	240.86	250.87	251.76
EBITDA	56.05	66.21	62.46
as % of revenue	23.27%	26.39%	24.81%
EBIT	22.85	31.73	28.20
as % of revenue	9.49%	12.65%	11.20%
Profit	19.44	25.45	26.14
as % of revenue	8.07%	10.14%	10.38%
Shareholders' equity	114.31	131.93	146.52
as % of total assets	45.83%	44.84%	47.17%

Source: Holdigaz SA

Valuation ratios

Ratio	2011	2012	2013
Price (year-end price)	106.00	105.10	144.00
P/E ratio	11.18	8.47	11.29
Price-to-sales	0.90	0.86	1.17
Price-to-cashflow	4.23	3.61	5.23
Price-to-book	1.90	1.63	2.01
Dividend yield	2.83%	3.09%	2.43%

Source: Zürcher Kantonalbank

Security statistics

	2012	2013	2013
High	115.00	150.00	148.00
Low	98.00	101.00	130.00

Source: Zürcher Kantonalbank

Data per share (in CHF)

Ratio	2011/12	2012/13	2013/14
Operating income	117.49	122.38	122.81
EBITDA	27.34	32.30	30.47
EBIT	11.15	15.48	13.76
Profit	9.48	12.41	12.75
Cashflow (operativ)	25.07	29.09	27.54
Goodwill	-	-	-
Book value	55.76	64.36	71.48
Distribution	3.00	3.25	3.50

Source: Zürcher Kantonalbank

Comparative valuation

Co. name	Price/CF	EBITDA margin	Dividend yield
AEK Energie AG	7.43	5.63%	2.40%
EW Jona-Rapperswil	8.76	23.23%	3.89%
IBAAarau AG	10.54	20.54%	1.91%
Wasserwerke Zug AG	7.02	33.35%	2.70%
Energiedienst AG	7.90	11.70%	4.79%
Average	10.41	23.61%	3.92%
Holdigaz	5.37	24.81%	2.36%

Source: Zürcher Kantonalbank/Bloomberg

SWOT analysis

Strengths	Weaknesses	Opportunities	Risks
Market leader in Western Switzerland	Limited geographical expansion outside Western Switzerland	Increasing demand for denser networks in participating municipalities	Changes in natural gas prices
Romande Energie is a strong partner	Independence of gas suppliers	Enabling own gas sources in Lake Geneva	Increased costs for Lake Geneva project
Solid balance sheet/financing		Cooperation with companies in French and German speaking Switzerland	Damage to gas grid e.g. industrial accidents
Good connection to gas grid		New applications for natural gas	
		Renewable energy sector continues to grow	

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