The background features a large, stylized number '21' in the center, surrounded by concentric circles and segments. A blue arc is visible on the right side of the inner circle, and a blue dot is on the left. In the top left, there is a small blue square and a thin circle. The overall design is modern and geometric.

A N N U A L  
R E P O R T

# GAZNAT IN REVIEW

Head office Lausanne

Founding date 12 March 1968

Share capital CHF 27 million

Fiscal year 1 January to 31 December

## KEY FIGURES

Consolidated (CHF thousands)	2021	2020	2019
Revenues	888,146	545,232	609,998
Depreciation and amortization	11,280	11,147	12,910
Cash flow	22,719	25,441	27,601
Total assets	465,927	360,112	372,000
Net capital assets	192,217	195,388	202,835
Net debt	77,307	42,278	55,247
Equity	144,505	146,028	142,563
Energy in GWh*	13,129	12,463	12,980
Power in MW	3,800	3,611	3,734

\* Distributed via Gaznat networks

NB: 1 GWh = 1 million kWh = approximately 90,000 m<sup>3</sup> of natural gas

## SHAREHOLDERS

### Shareholder structure at 31 December 2021

Geneva Industrial Services	37.51 %	Groupe E Celsius, Fribourg	2.79 %
Municipality of Lausanne	26.89 %	Municipality of Yverdon-les-Bains	2.25 %
Holdigaz SA, Vevey	15.56 %	VOénergies chaleur SA, Orbe	0.86 %
Gazoduc SA, Sion	9.67 %	Municipality of Sainte-Croix	0.66 %
Viteos SA, Neuchâtel	3.81 %		

# SHAREHOLDINGS

66%	Fingaz SA, Financière Internationale du Gaz	Business: financing gas storage and transportation facilities between France and Switzerland. <i>Other shareholder: ENGIE.</i>
66%	Petrosvibri SA	Business: upstream activities in the hydrocarbon sector. <i>Other shareholder: Holdigaz SA.</i>
60%	Unigaz SA, Union interrégionale pour le transport du gaz naturel	Business: interconnecting Swiss transportation and distribution networks serving the Swiss Plateau and western Switzerland. <i>Other shareholder: GVM.</i>
44.44%	SET Swiss Energy Trading SA	Business: development of energy trading, in particular natural gas trading. <i>Other shareholders: EGZ, GVM.</i>
33.3%	GAS&COM SA	Business: building and operating fiber-optic networks running alongside gas pipelines in Switzerland and abroad. <i>Other shareholders: EGO, GVM.</i>
29.5%	Gazmobile SA	Business: promoting natural gas fuel for vehicles. <i>Other major shareholders: EGO, GVM, EGZ, AIL.</i>
25.98%	Swissgas SA	Business: gas supply and transportation in Switzerland and abroad. <i>Other shareholders: EGO, GVM, EGZ, ASIG.</i>
15.79%	Swiss Gas Invest SA	Business: investment fund active in the natural gas industry. <i>Other major shareholders: Holdigaz, EGO, Swissgas, GAS&amp;COM, Groupe E Celsius.</i>

## OUR HOLDINGS THROUGH SWISSGAS

---

100%	Swissgas Speicher SA	Swissgas (100%)
51%	Transitgas SA	Swissgas (51%), FluxSwiss (46%), UNIPER (3%)
4.9%	FluxSwiss SA	Swissgas (4,9%), Fluxys (50,65%), Swiss Gas Invest (7,89%), CSEIP (36,56%)
10%	SSEAG Aktiengesellschaft für schweizerisches Erdöl SA	Swissgas (10%)
5.26%	Swiss Gas Invest SA	Swissgas (5,26%)

# ANNUAL KEY FIGURES

## NETWORKS DPT

13,129 GWh

QUANTITIES TRANSPORTED

3,800 MW

PEAK POWER

## TRADING DPT

11,373 GWh

GAS SALES

## HUMAN RESOURCES

63         EMPLOYEES

59 TOTAL FTE

47 ANS AVERAGE AGE

12 ANS AVERAGE LENGTH OF SERVICE

51    MALE

12    FEMALE

1,280

INTERVENTIONS ON THE NETWORKS  
IN 2021 (WORK ORDERS)

1

NUMBER OF INCIDENT(S) IN 2021

## GAS MOBILITY



CNG PASSENGER CAR  
REGISTRATIONS IN  
SWITZERLAND

562

IN 2020

286

IN 2021



TRUCK  
AND BUS  
REGISTRATIONS

50

IN 2020

40

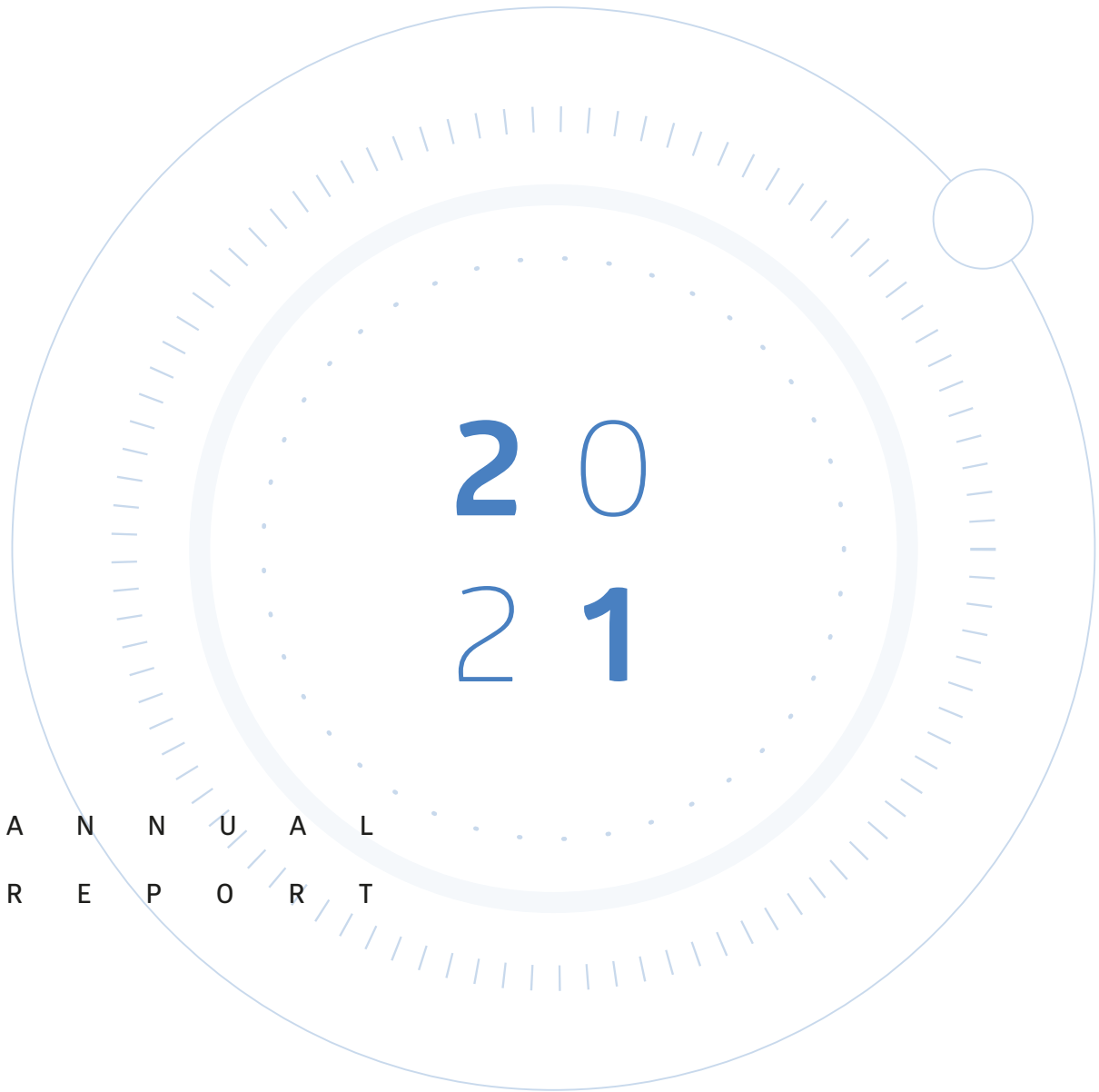
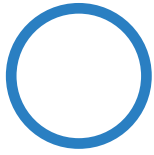
IN 2021



SALES OF NATURAL GAS/BIOGAS  
AT FILLING STATIONS IN FRENCH-  
SPEAKING SWITZERLAND

2,090,457 KG IN 2020  
OF WHICH 450,107 KG BIOGAS

2,347,187 KG IN 2021  
OF WHICH 511,843 KG BIOGAS



A N N U A L  
R E P O R T



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# Administration

## BOARD OF DIRECTORS

Chairman

**Philippe Petitpierre**

*Chairman and CEO*

*Holdigaz SA, Vevey*

Vice-Chairman

**Pierre Gautier**

*Board member*

*Geneva Industrial Services*

Board members

**Vincent Collignon**

*Customer Director*

*Geneva Industrial Services*

**Xavier Company**

*Director*

*Lausanne Industrial Services*

*From June 11, 2021*

**François Fellay**

*Chairman*

*Gazoduc SA, Sion*

**Jacques Mauron**

*CEO*

*Groupe E SA, Fribourg*

**Alexandre Kamerzin**

*Secretary-General*

*Holdigaz SA, Vevey*

**Remigio Pian**

*Director of Energy and Products*

*Viteos SA, Neuchâtel*

**Jean-Yves Pidoux**

*Director*

*Lausanne Industrial Services*

*Until June 11, 2021*

**Marc-Antoine Surer**

*Head of Sales*

*Lausanne Industrial Services*

## BOARD SECRETARY'S OFFICE

**Nathalie Schambacher**

*Board Secretary*

## MANAGEMENT COMMITTEE

**René Bautz**

*CEO*

**Henri Bourgeois**

*Director*

*Head of "Finance & Services"*

**Frédéric Rivier**

*Director*

*Head of "Trading department"*

**Gilles Verdan**

*Director*

*Head of "Networks activities"*

## STATUTORY AUDITORS

**Ernst & Young SA**

*Lausanne*



# Editorial



M. RENÉ BAUTZ  
Chief Executive Officer

M. PHILIPPE PETITPIERRE  
Chairman

“With the skyrocketing average price of gas sold, Gaznat’s turnover rose by more than 63%.

## Letters from the Chairman and the Chief Executive Officer

The energy sector, and more particularly the gas sector, has been experiencing considerable turbulence in recent months following a **rapid post-Covid economic recovery**, on the one hand, and a tense supply situation with the new **Russian-Ukrainian crisis**, on the other.

This situation is reminiscent of the first oil shock in the early 1970s, with the Arab embargo and the surge in prices on the oil markets. Ultimately, each oil shock has resulted in **improved energy efficiency and diversification of energy sources**. High energy prices have a significant impact on household spending, business productivity and the competitiveness of countries. Excessive price levels thus accelerate state interventionism in the supply and demand mechanisms. This can be seen again in the recent development of government legislation.

The first half of 2021 saw more intense cold weather that drove prices up in Asian and North American markets.



The second half of the year witnessed a surge in prices, the result of a correlation of several factors, including robust demand, low storage levels and less liquidity in short-term markets, amid fears of geopolitical tensions in Eastern Europe.

**As a result, global demand for natural gas increased by an average of 4.6% year-to-year. In Switzerland, the surge was particularly marked with an increase of 8.6%, and 4.9% for the quantities delivered by Gaznat. Heating degree-days were on average 15.5% higher than in the previous year.** Consumption by large industrial customers, however, fell by 25% as a result of changes in the operation and production of certain goods and services.

With the explosion in the average price of gas sold, **Gaznat's turnover rose by more than 63% to CHF 889 million.** Net income, however, fell by 18% to CHF 14.3 million as a result of the new agreement with the Price Supervisor and the gradual reduction in the remuneration for use of the networks, which saw its operating margin decline.

Swiss energy and climate policy was affected by the rejection of the CO2 law and the abandonment of the framework agreement with the European Union.

Security of supply, particularly in the field of electricity, has become a topical issue again with the drafting of a bill on a secure supply of electricity based on renewable energies. A concept for gas-fired power plants to cover peak loads is being developed.

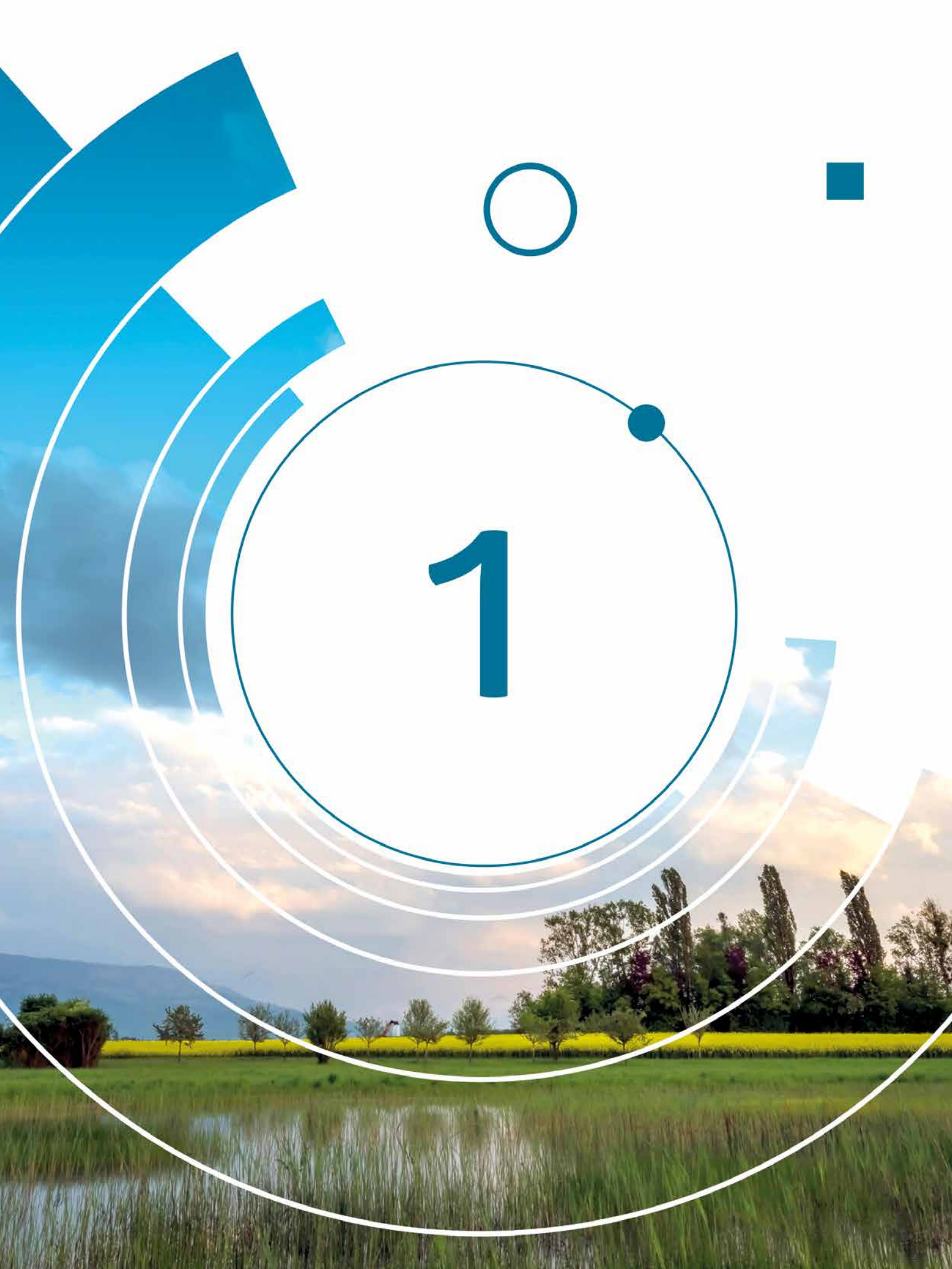
“ *Global demand for natural gas increased by an average of 4.6% year-to-year. In Switzerland, the surge was particularly marked with an increase of 8.6%, and 4.9% for the quantities delivered by Gaznat. Heating degree-days were on average 15.5% higher than in the previous year.* ”

**Research and development of new technologies is an investment for the future and Gaznat is keen to play a pioneering role in this field. Within the framework of the agreement Gaznat has signed with the Swiss Federal Institute of Technology of Lausanne (EPFL), a third call for projects has been initiated in 2021 with the laboratories of this high institution.** Four new projects have been selected in the fields of hydrogen generation, cogeneration and carbon dioxide

capture. The Gaznat Board of Directors also approved a loan for the «Greengas» project, which aims to test prototypes developed in the research institutes' laboratories in an industrial environment. For this purpose, an «Innovation Lab» will be built on the Gaznat industrial site at Aigle.

After another year marked by the Covid-19 pandemic and the turbulence on the energy markets, we would like to take this opportunity to express **our thanks to our employees for their effort and dedication, as well as to the Board of Directors for its unwavering support.**

Philippe Petitpierre (Chairman)  
& René Bautz (CEO)



1

# O R G A N I - Z A T I O N

## 53<sup>rd</sup> Ordinary General Meeting 2021

Due to the sanitary measures in force in the context of the Covid-19 pandemic, Gaznat was forced to organize its 53<sup>rd</sup> Ordinary General Meeting in virtual format. **Thanks to the magic of technology, the guests were able to follow a live broadcast of the presentation of the results and perspectives of Gaznat SA**, as well as a conference of Mr Jean-Marie Dauger, Chairman of the World Energy Council (WEC), former Deputy CEO of Engie. Mr Dauger

gave a presentation on energy foresight and an analysis of the consequences of the current pandemic on energy policy.

The directors were elected in 2018 for a period of four years, therefore their mandate was not subject to re-election. However, Mr Jean-Yves Pidoux, on the eve of a well-deserved retirement, resigned from his position as Director.

Mr Xavier Company, appointed to replace him, was unanimously elected.





2

# GAS MARKET

## & ENERGY POLICY

### General context

**Global natural gas demand rebounded in 2021 with growth of about 4.6%.** The contraction in 2020, following the global economic downturn, has largely been made up for. Total annual natural gas production amounted to 4'122 billion m<sup>3</sup>.

The beginning of 2021 was marked by high prices in the Asian market after a major cold snap. China also overtook Japan to become the largest importer of liquefied natural gas (LNG). As a result, prices have fluctuated to over €80/MWh and many LNG cargoes have been diverted to Asia.





The second and third quarters saw an unprecedented surge in prices on the European and Asian markets. This upward trend is part of the global context of a marked post-Covid economic recovery, a very tight market - as a result of a prolonged winter in Europe - and very low gas stocks. Other factors that weighed on prices included the increase in carbon prices, which approached €90/t in December.

The price arbitrage between the two largest LNG markets was highly correlated with an advantage for Asia, which

absorbed almost 75% of the liquefied gas volumes. This highlighted the increasing globalization and price coupling in the gas markets.

The last quarter saw very pronounced price volatility driven by low temperatures, already well used gas storage, turbulence in the electricity market and rather low gas deliveries. A peak of €180/MWh was reached on the Dutch TTF exchange point before falling back sharply with the arrival of LNG cargoes in Europe.

Daily volatility (*Bid-Offer Spread*) even reached records with € 50/MWh at certain periods.

**To stabilize the markets, new investments will be needed to increase production until renewable energies, including biomethane, syngas or hydrogen, can take over.**



Scan the QR Code  
to read the Gaznat  
2021 press review.

## Comparative evolution of gas prices €/MWh 2020/2021 on the TTF market (MA)



TTF DA Gas Price 2020-2021  
Source: Energyscan

# Energy policy

The «Fit for 55» package adopted in July 2021 by the European Union aims to reduce greenhouse gas emissions by around 55% by 2030 compared to the 1990 base year. The EU's Emissions Trading System (ETS) has also become more binding in Europe since the introduction of the Market Stability Reserve (MSR), which has limited the cap on emissions and increased the price of CO<sub>2</sub>. A Carbon Border Adjustment Mechanism (CBAM) is currently under discussion to

reduce imports of carbon products and discourage the relocation of polluting industries.

As part of the Green Pact, the European Union has developed a sustainable finance ecosystem with the taxonomy. This is a classification of economic activities that contribute substantially to the achievement of environmental objectives (see insert). Nuclear and natural gas have been integrated into

this taxonomy in addition to renewable energies. For natural gas to be recognized, it is necessary that the plants emit less than 100g/kWh of CO<sub>2</sub>, or for plants obtaining a building permit before 2030 less than 270g/kWh, or for electricity generation less than 550g/kWh on average over twenty years.

The taxonomy defines environmental criteria for each economic activity to determine whether it can be considered sustainable.



1. Climate change mitigation.



2. Climate change adaptation.



3. Sustainability and protection of water and marine resources.



4. Transition towards a circular economy.



5. Pollution prevention and control.



6. Protection and restoration of biodiversity and ecosystems.

Swiss energy policy was marked in 2021 by the rejection of the CO<sub>2</sub> law by the people and the abandonment of the framework agreement with the European Union. Following the end of the negotiations, fears have arisen about Switzerland's security of supply. Without an electricity agreement, importing electricity would become more difficult, as the EU countries would have to reserve 70% of their capacity for market balance from 2025 onwards, and Switzerland's import capacity would be reduced. On June 18, 2021, the Federal Council

submitted to Parliament the message concerning the law on a secure electricity supply based on renewable energies. This message includes the expansion of winter power generation. The Federal Council has also asked the Electricity Commission (ElCom) to draw up a concept for gas-fired power plants to cover peak loads.

The Federal Council has also put the draft of the revised CO<sub>2</sub> Act, which is due to come into force at the beginning of 2025, out for consultation. The proposed adjustments are largely based on the existing

regulations, without new taxes or an increase in the thresholds for the CO<sub>2</sub> tax. **The gas industry is calling for several improvements to this draft revision: better support for the development of renewable gases and extension of the tax benefits for the use of natural gas/biogas fuel.**





# R E S U L T S

## 2 0 2 1

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### Trading

Sales increased year-on-year, reaching 11.4 TWh in 2021.

11,4  TWh

---

### TRADING SALES ON THE RISE

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The Swiss average temperature in 2021 was 0.2°C below the 1991 - 2020 average. For the area covered by Gaznat, **the annual heating degree-days (HDD 20/12) <sup>1</sup> in 2021 were 15.5% higher than in 2020.**

<sup>1</sup> Heating degree-days 20/12: when the average daily outdoor temperature is below 12°C, the heating degree-days 20/12 are calculated by the difference between 20°C and this temperature.

# Trading



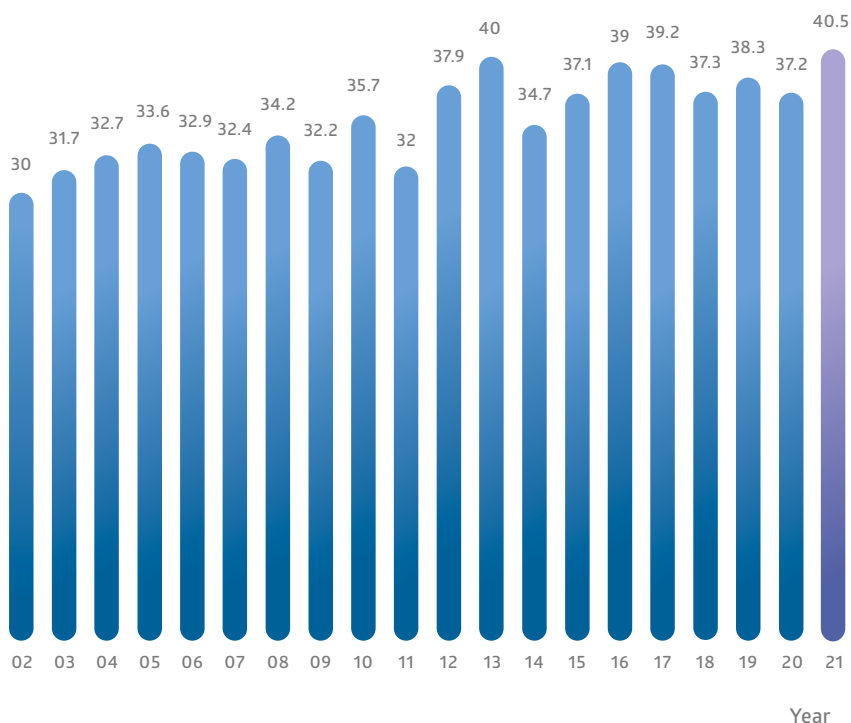
*The quantities of natural gas delivered by Gaznat in the Gaznat area totalled 11,373 GWh in 2021, up 4.9% compared to 2020 and setting a new record.*

Taking into account climate corrections, the consumption of Gaznat's partners (shareholders-buyers) is however down by 0.8%. The consumption of Gaznat's direct industrial customers has decreased by 25.4%.



« Market Price  
Report 2021 »

Natural gas consumption in Switzerland, 2002-2021 (in TWh)



Spot<sup>2</sup> market prices in Germany (THE)<sup>3</sup> have experienced unprecedented increase and volatility in 2021. They started the year at €19.5/MWh and kept on rising until October 5 to €113.6/MWh. The autumn was characterized by great volatility with prices varying between € 63.5/MWh (October 29) and € 180/MWh (December 21).

On December 30, the spot price was €81.4/MWh. This price increase and volatility can be explained by low filling levels of European storage facilities, strong demand in Asia driving up LNG prices, a cold start to the winter of 2021/22, low deliveries from Russia and prospects for the commissioning of Nord Stream 2 constantly postponed by the German authorities.

<sup>2</sup> Spot price: price for next-day delivery.

<sup>3</sup> THE: Trading Hub Europe (German virtual trading point, resulting from the merger of the NCG and Gaspool hubs on October 1, 2021).

<sup>4</sup> LNG: liquefied natural gas.

### Structure of Gaznat's supply portfolio

Medium/long term contracts are the backbone of Gaznat's supply. However, they leave a large place to spot and forward purchases on the market (51% in 2021). Since October 1, 2019, Gaznat has no longer supply contracts indexed to oil products. All volumes purchased in 2021 are therefore dependent on market prices.

**In October 2021, Gaznat acquired from SNAM the status of shipper in its own name in Italy.** It was thus able to take advantage of the reversal of the price differential between Italy and Germany during the month of November and to

import Italian gas via the Passo Gries and the Gaznat networks entry point in Obergesteln in the Upper Valais.

### Associated products and services for partners and customers

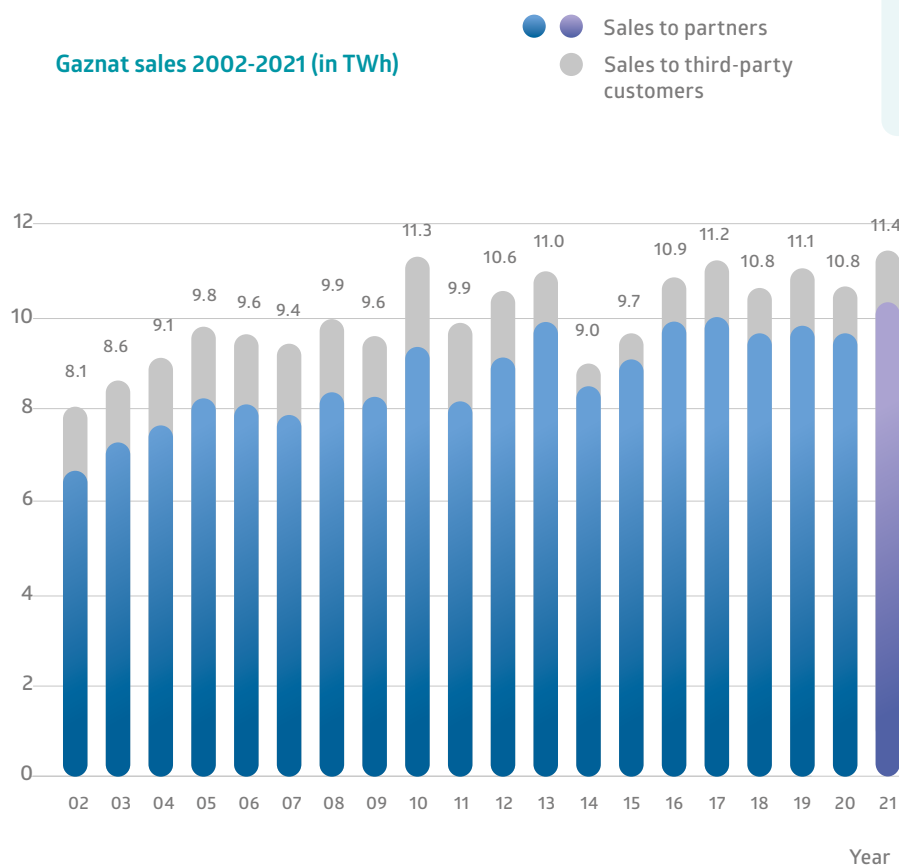
Since 2017, Gaznat has been offering product-based supply with the possibility for partners to optimize these products according to market indicators and their consumption.

Since January 1, 2019, Gaznat has been managing the portfolios of seven out of nine shareholders and carrying out supply optimization and market risk hedging operations on their behalf. **In 2021, Gaznat has expanded the range of services**

**offered to shareholders to support them in the current context of market opening**, by providing them with efficient tools for the preparation of competitive offers.

Gaznat also offers renewable products. On the one hand, these are CO<sub>2</sub> emission rights allowing partners to offer «CO<sub>2</sub> compensated» gas or «biogas» certificates.

Gaznat sales 2002-2021 (in TWh)



« Trading at  
Gaznat »



« Natural gas supply  
in Europe »

“Gaznat has expanded the range of services offered to its shareholders to support them in the current context of market opening.”

# Networks

## 3,800<sub>MW</sub>

*Measured capacity*

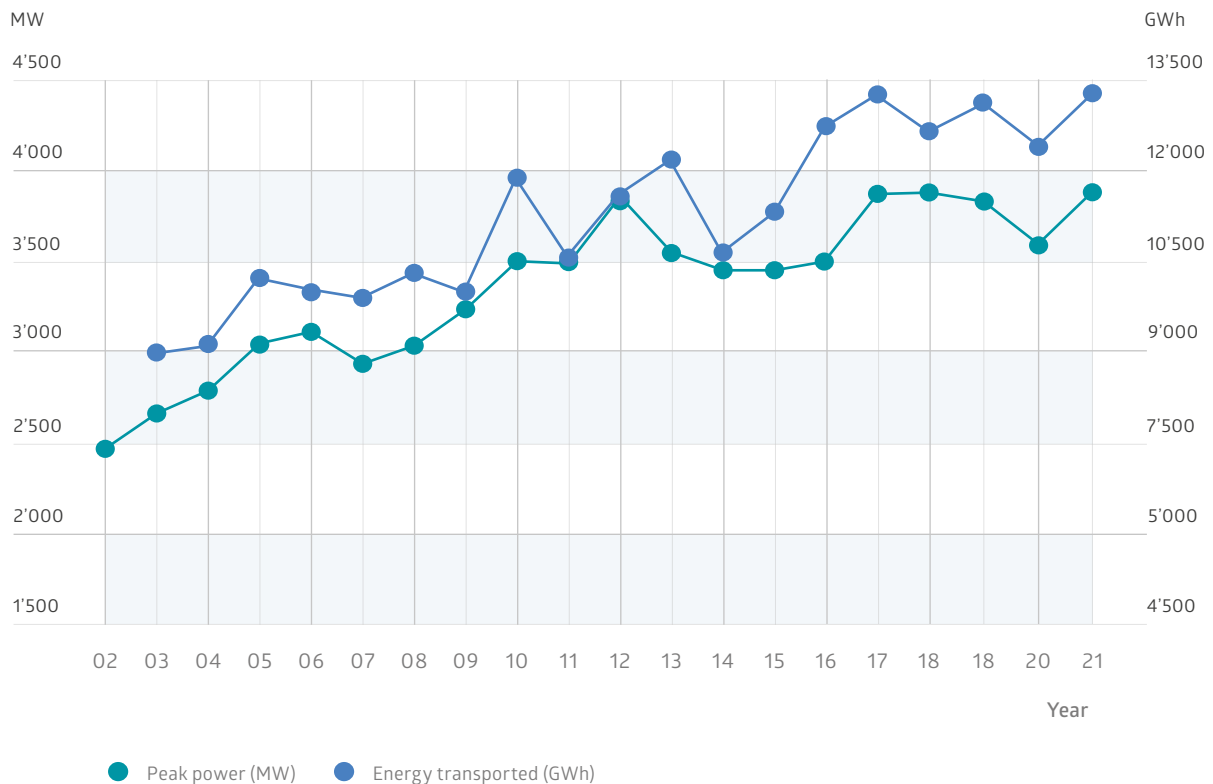
While in 2020 peak power culminated at 3'611 MW, the peak power measured on the Gaznat networks in 2021 reached 3'800 MW, an increase of 5.2 % year-on-year.

## 13,129<sub>GWh</sub>

*Quantities transported*

The quantities transported also increased by 5.3% compared to 2020, to 13,129 GWh. This is the second best result since the company was founded.

### Measured power and energy transported 2002-2021







# Finance & services

63%<sup>+</sup>

*Increase in turnover*

INCREASE  
IN TURNOVER

“Gaznat kept on rolling out its cybersecurity master plan, which aims to strengthen the cyber resilience of its activities.

53%<sup>↓</sup>

*Debt ratio*

After a sharp decline in 2020, in the context of an economic slowdown linked to the sanitary crisis, Gaznat SA's sales have recovered in 2021, reaching a record level of CHF 889 million. **The dramatic sales growth of more than 63% is the result of gas price inflation, mainly in the second half of the year.** After exceeding the € 80/MWh mark in October 2021, spot market prices remained at very high levels, even exceeding €120/MWh for a few days. These exceptional price levels should be seen in the context of the average spot gas market price in 2021, around € 15-20/MWh.

While the company's sales for its Trading activity are very sensitive to the volatility of gas prices on the markets, its profitability, due to its business model, is not correlated to it. Gaznat SA closes the year 2021 with a gross operating margin of CHF 38.8 million, down 10% on the previous year. It is mainly the Transport activity, with the gradual decrease in the remuneration for the use of the networks, which is seeing its operating margin decline. **Thanks to good control of administrative expenses, net income remains in line with previous years, at CHF 14.3 million.**

Gaznat continued to shift its debt profile towards the short term in 2021, resulting in a significant **reduction in the average borrowing rate, which is now 1.00% compared to 1.43% at year-end 2020.** The next major repayment date is scheduled for January 2023. **The ba-**

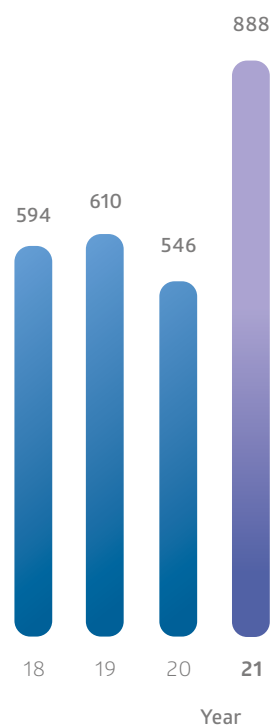
**lance sheet structure remains solid, with consolidated net debt of CHF 80 million and equity of CHF 145 million.**

The explosion in gas market prices at the end of the year, combined with very high volatility, contributed to an increase in the risks linked to the Trading activity, more particularly counterparty credit risks. **Risk monitoring procedures have been adapted accordingly, with more regular monitoring and a reorientation of the credit portfolio.**

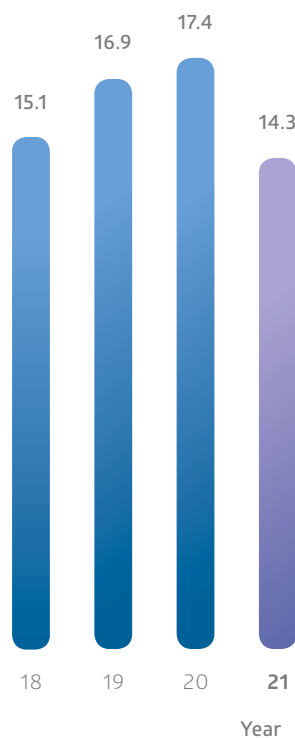
Against a background of continuing growth in cybercrime, with the number of attacks recorded in Switzerland expected to increase by more than 20% by 2021, **Gaznat has continued to roll out its cybersecurity master plan, which aims to strengthen the cyber resilience of its activities.** Several strategic and technical audits have been carried out, the



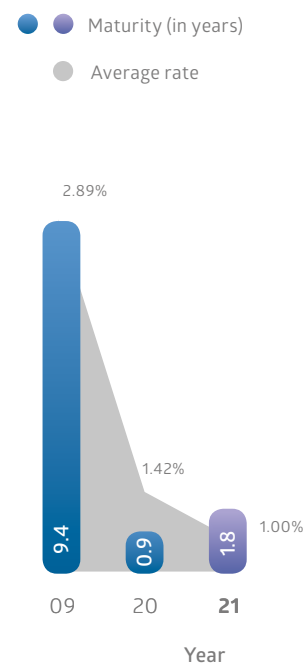
## Turnover in CHF Mio.



## Net profit in CHF Mio.



## Debt maturity and average rate

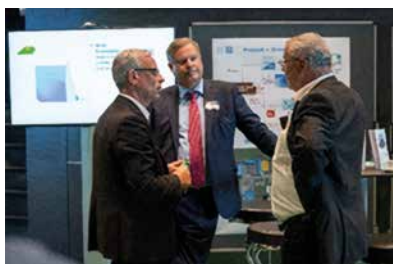


security of installations has been strengthened and a business continuity plan has been defined in case of an attack.

The activity of the Communication team, in the wake of the year 2020, was hampered by the restrictions linked to the pandemic. Nevertheless, an eventful window of opportunity presented itself and Gaznat had the honor to contribute, together with the other Swiss

infrastructure operators, to **the organization of the GIE (Gas Infrastructure Europe) Congress, which was successfully held on October 12 and 13, 2021 at the Culture and Congress Center in Lucerne (KKL).** More than 200 participants from all over Europe joined in the discussions and enjoyed a taste of Swiss culture at the gala evening held in the Museum of Transport.

At the same time, the digital strategy continued to be implemented in 2021, with the organization of a hybrid General Meeting and an increase in the number of publications and subscribers to the company's LinkedIn account.



GIE Congress in Lucerne on October 12 and 13, 2021



Retrouvez nos actualités toute l'année sur les réseaux sociaux et notre site internet.

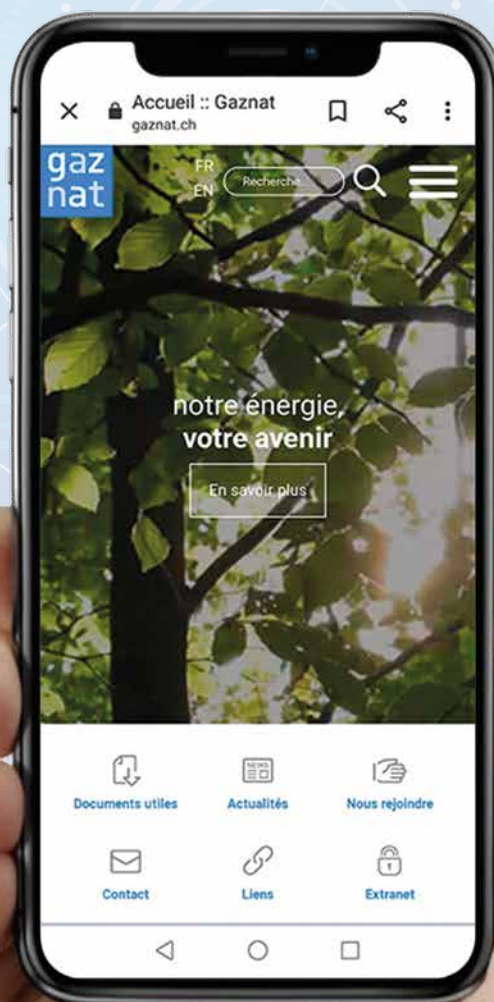
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App Store





depuis 1968

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