



Press Release

FIRST-HALF RESULTS FOR 2008

Romande Energie Group posted mixed results in the first half of 2008. Net revenues rose 12.9% to CHF 256 million, while EBIT declined by 14.8 %. The main reason for this is the continued increase in the cost of energy purchases. Net income was up 10.4% to CHF 55 million.

Morges, 28 August 2008 -- Romande Energie Commerce, which handles the marketing activities of nine Western Swiss electricity distributors, commenced operations on 1 April 2008. This enabled the Group to expand sales volume by some 5% to 1,507 GWh. Although net revenues grew by 12.9% to CHF 256 million in the first half of the year, this positive total result was offset by the renewed rise in energy costs resulting from the upturn in the average price of electricity supplies and the growth of 116 GWh (9.7%) in purchasing volumes compared with the year-earlier period.

Production at Romande Energie's hydroelectric plants was not as high as in January-June 2007, declining from 282 GWh to 255 GWh (-9.6%).

SMALLER GROSS MARGIN

The combination of higher net revenues, increased expenditure on electricity supplies and lower own-power generation resulted in a contraction of gross margin, which fell by CHF 3.6 million (-3.2%). EBIT decreased by 14.8%

STABLE OPERATING EXPENSES

In January-June 2007, operating expenses had been favourably influenced by profits of around CHF 1.8 million on sales of fixed assets. These profits dropped to CHF 0.1 million in the first half of 2008. Excluding this factor, other operating expenses were tightly controlled and remained stable despite the general rise in Swiss inflation.

NET INCOME UP

The upturn in prices on electricity markets and the decrease in financial income were offset by the excellent results of affiliated companies. Net income of EOS Holding was boosted by the dividend on its investment in ATEL Holding SA. The Group's net income rises to CHF 55,1 million at 30 June 2008, whereas it rose to 49,2 million in January-June 2007.

POSITIVE IMPACT OF AFFILIATED COMPANIES ON SHAREHOLDERS' EQUITY

Shareholders' equity attributable to parent company shareholders rose by CHF 149 million (+8.3%) to CHF 1.9 billion at 30 June 2008. This increase is mainly due to changes in the fair value of financial instruments booked to the equity of EOS Holding. This company benefited from the rise in ATEL Holding's share price during the reporting period.

RISE IN SHARE PRICE DURING H1 2008

Romande Energie shares were trading at CHF 2,485 at 30 June 2008, compared with CHF 2,085 at 31 December 2007 – a rise of 19%. The value of the share has more than doubled since 31 December 2004.

Taking into account holdings of own shares, market capitalization was CHF 2.7 billion (CHF 2.3 billion six months earlier).

ACQUISITIONS AND DISPOSALS

Romande Energie acquired HCSA, a consultancy firm active in Western Switzerland, on 31 May 2008. This transaction is in line with the strategy adopted by the Group, which wants to expand its consulting activities in the field of power supply and distribution.

The purchase of an electricity grid in the Canton of Valais was finalized on 2 July 2008 with the acquisition of an interest of 94.55% in the newly created Société de Distribution Electrique de Champéry SA (SDEC).

Following negotiations with the SEVM subsidiary's municipal shareholders, the activities of the VMCV public transport company were transferred to the local councils concerned. At the same time, the Group acquired the municipalities' 33.65% shareholding in SEVM and now owns all the capital. The legal formalities of the agreement will be implemented shortly.

OUTLOOK FOR THE GROUP

The upsurge in expenses related to energy purchases and the auctioning of interconnection capacities associated with cross-border transmission congestion will continue to weigh on EBIT. This negative trend, which affects all companies operating in the Swiss electricity sector, caused the Group to raise some of its prices which corresponds to an average of 8.5% on 1 July 2008; the positive impact on net revenues in the second half of the year is estimated at CHF 14 million.

The creation of Romande Energie Commerce SA, a company focusing exclusively on the marketing of energy, enables the Group to position itself favourably on the sales front in Switzerland. This is particularly relevant in the light of the forthcoming deregulation of the market, effective 1 January 2009, for all clients that consume more than 100,000 kWh. These clients may exercise their right of eligibility no later than 31 October 2008. Thanks to the strategic decisions it has taken and implemented in the past two years, the Group is well placed to negotiate this important phase successfully.

From 1 September 2008 onwards, all Swiss electricity distribution companies must publish their distribution cost. This information, which is freely available to everyone, will enhance market transparency in the interest of consumers.

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Note to editorial desks

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