



Press Release

ROMANDE ENERGIE IN THE FIRST HALF OF 2007

NET INCOME UP 6.6% AND SOLID BALANCE SHEET IN RUN-UP TO MARKET DEREGULATION

A drop in electricity consumption caused by the unusually mild winter resulted in slightly lower net revenues than in the first half of 2006. Even though EBITDA also fell, mainly because of the higher cost of energy purchases, net income rose by 6.6% to CHF 49.9 million thanks to the good performance posted by EOS Holding.

Morges, 31 August 2007

Net revenues hold steady despite unusual weather conditions

The very mild winter led to a year-on-year decline of 3.3% in electricity consumption for the first six months of 2007. Romande Energie distributed 1,317 GWh, compared with 1,362 GWh at 30 June 2006. Including the energy sold outside the Group's grid, total sales amounted to CHF 202 million, or CHF 3 million (1.5%) below the figure for end-June 2006. Other revenues also fell by CHF 3 million (12%) during the same period.

Strong rise in cost of energy purchases

Expenses related to energy purchases continued to show an upward trend. Overall, Romande Energie incurred expenditure of CHF 95 million for electricity supplies, an increase of CHF 9 million compared with the first half of 2006.

The Group's hydroelectric plants have supplied 282 GWh since the start of 2007, a figure comparable to production in the year-earlier period.

Cost control limits decline in EBIT

As a result of continued efforts to streamline operations and optimize processes, expenses declined by CHF 1.3 million.

Despite this good cost control, EBITDA fell by CHF 14.7 million (19.8%) to CHF 59.7 million.

Moving in step with gross margin, EBIT decreased by CHF 14 million (26.7%) to CHF 38.5 million from CHF 52.5 million at end-June 2006.

Rising interest rates boost financial income

The gradual increase in Swiss franc returns on cash investments, coupled with exchange rate gains, lifted the Group's financial income to CHF 5.5 million at 30 June 2007 from CHF 0.7 million twelve months earlier.

Net income up 6.6 % to CHF 49.9 million

While the rise in prices on electricity markets was detrimental to the Group's margins, it had a positive impact on earnings at EOS Holding, in which Romande Energie has a stake of 28.7%. Our share in this company's net profits amounted to CHF 14.5 million in the first half of the year, thus contributing to the growth of 6.6% in net income to CHF 49.9 million from CHF 46.8 million at end-June 2006.

Solid balance sheet on the eve of market deregulation

Shareholders' equity attributable to parent company shareholders rose by CHF 106 million (7.6%) to CHF 1.5 billion during the period under review.

Cash and cash equivalents fell by CHF 75 million; this was due, in particular, to repayments of borrowings totalling CHF 41 million.

Romande Energie shares were trading at CHF 1,752 at 30 June 2007, compared with CHF 1,668 at 31 December 2006 – a rise of 5%.

Taking into account holdings of own shares, market capitalization was CHF 1.9 billion (CHF 1.8 billion six months earlier).

Enterprise value up CHF 135 million

Enterprise value is the total amount that shareholders and third parties have invested in the Group, less cash and cash equivalents:

CHF '000	30.06.2007	31.12.2006
Market capitalization	1 928 647	1 836 178
Minority Interests	39 289	40 182
Financial debts less cash and cash equivalents	101 739 (154 581)	133 899 (229 899)
Enterprise value	1 915 094	1 780 360
Enterprise value/EBITDA	n.a.	12.53

Outlook for the Group

Romande Energie expects high volatility on the spot market for electricity during the rest of the year. The upward trend in electricity prices also looks set to continue. Furthermore, a suppliers' agreement between EOS and the Group is due to expire on 30 September 2007.

The new terms and conditions for long-term suppliers' agreements will not be as favourable, and will have a negative impact – estimated at CHF 6 million – on the cost of energy purchases in the second half of 2007.

Against this background, the Group will press ahead with its determined efforts to hold down costs and stay competitive, particularly with a view to the forthcoming market deregulation in 2008.

In the coming months, Romande Energie will continue to allocate substantial resources to developing promising projects in the area of renewable energy. This concerns, in particular, the power generation activities conducted by Romande Energie Renouvelable SA, a new subsidiary created at the end of 2006, which intends to invest over CHF 45 million in this burgeoning sector

Given the uptrend in energy costs and after having introduced price cuts worth around CHF 46 million, the Group is planning to raise some of its tariffs.

As market deregulation approaches, Romande Energie and its partners are going ahead with preparatory work on the new western Swiss electricity pool announced on 19 July.

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Note to editorial desks

This press release is being issued outside the trading hours of the SWX Swiss Exchange in compliance with the principles of ad hoc disclosure pursuant to the SWX Listing Rules.

Should you require any further information, Denis Matthey, CFO, and René Lauckner, Head of Investor Relations, are at your disposal today, Friday 31 August 2007, between 8 a.m. and 9 a.m. They can be reached on +41 21 802 97 05.

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