

2012 RESULTS OF ROMANDE ENERGIE GROUP

Continued solid results from operations but tarnished by setbacks at Alpiq

Romande Energie Group reported higher operating results on a slight dip in net revenues arising from a decrease in regional grid usage fees for all customers and lower industrial demand. Financial setbacks encountered by Alpiq hurt Romande Energie's bottom line, pushing the Group into a net book loss of CHF 278 million.

Morges, 26 March 2013 – Highlights of 2012 results of Romande Energie Group, presented today:

- Net revenues down by 1.8% at CHF 579 million
- Gross profit up 2.2% at CHF 260 million
- EBITDA up by 0.7% at CHF 122 million
- EBIT up by 92.8% at CHF 68 million
- Net loss of CHF 278 million
- Shareholders' equity of CHF 1.9 billion

Small decrease in net revenues

Net revenues fell by CHF 11 million (-1.8%) to CHF 579 million in 2012, compared with CHF 590 million for the 2011 financial year. This was due chiefly to a cut in fees charged on regional grid usage (-5% on average), for all customers, coupled with a lower volumes of electricity sold to companies.

Decrease in procurement costs

Energy procurement costs totalled CHF 228 million in 2012, falling by 6.6% on account of low and relatively stable power prices in Swiss and wider European markets over the year and a 43.3% surge in output from Romande Energie's hydropower installations, stemming from above-average rainfall in 2012.

Higher gross profit

The drop in electricity procurement costs was the main reason for the 2.2% increase in gross profit to CHF 260 million.

Rise in EBITDA

EBITDA edged up by 0.7% to CHF 122 million on the back of a solid operating performance at the Group.

Growth in EBIT

EBIT rose by 93% to CHF 68 million relative to 2011.

Tight grip on expenses

Thanks to its efforts in reining in costs, Romande Energie Group was, as in 2011, able to announce a drop in operating costs (-4.3%), representing a saving of over CHF 2 million. In contrast, payroll costs were up following adoption of the revised version of IAS 19, which resulted in a significant increase in pension-related costs, from CHF 1.5 million in 2011 to CHF 5.2 million in 2012.

Profit or loss from affiliated companies deeply in the red

As in 2011, Alpiq last year carried out significant fair-value adjustments, in the amount of CHF 1.6 billion. Accordingly, EOS Holding SA (EOSH) wrote down the value of its 31.4% equity

interest in Alpiq by CHF 893 million. As Romande Energie Group owns 28.7% of EOSH, these two measures negatively affected the income statement, in the amount of CHF 402 million in 2012 versus 292 million in 2011. However, the charge for 2012 was reduced to CHF 343 million thanks to income generated in the normal course of operations by Alpiq, EOSH and other affiliated companies.

Net loss

The aforementioned significant fair-value adjustments were the sole reason why Romande Energie Group reported a net loss of CHF 278 million in 2012. It should be mentioned that, for 2009, the Group had booked an exceptional gain of CHF 612 million in connection with the creation of Alpiq.

2012 dividend

Hailing the solid operating performance, the Board of Directors is proposing payment of an ordinary dividend of CHF 27 per share, an increase of 8% relative to the 2011 financial year. It will seek approval for this proposal at the General Meeting of Shareholders of Romande Energie Group, to be held in Morges, Switzerland, on 27 May.

Outlook for 2013

Developing power generation from renewable sources

Romande Energie is working especially hard to develop proprietary generation by setting its sights on new renewable energy and conventional hydropower in Switzerland. *"For example, optimization of a small hydro plant in the village of Rivaz will, as from late 2013, increase output seven-fold. In addition, the intensive renovation work that is beginning at the Farettes hydropower plant (Aigle) will boost generation capacity by over 50%,"* stated Pierre-Alain Urech, CEO. The Group is also planning investments in wind-power and small-hydro installations in France and Germany and, in this context, created Romande Energie France SAS in early 2013.

Encouraging energy efficiency

At the same time, Romande Energie is continuing to promote energy efficiency through actions such as energy audits, the awareness-raising programme DÉCLICS and the marketing of heat pumps and thermal solar panels. *"We are planning to diversify and broaden our services in this field so that we can constantly offer our customers new solutions for saving on energy use,"* emphasized Pierre-Alain Urech.

Anticipating the future of power grids

Romande Energie offers customers reliable distribution, measured on the basis of objective criteria. *"If we want to maintain a high-quality service, this will entail continuous investments amounting to some CHF 50 million annually,"* noted Denis Matthey, CFO. *"It is furthermore our responsibility to upgrade our networks so that new generation methods — some of which are decentralised — and new consumption patterns can be accommodated optimally all the while offering new services such as smart-metering,"* added Pierre-Alain Urech. In this respect, Romande Energie is steadily equipping distribution installations with fibre-optic links, one of the basic features of future "smart grids", and extracting value by offering municipalities and companies the possibility of leasing these links for the purpose of optimising their own communication networks.

Highlighting corporate social responsibility (CSR)

"Being a responsible corporate citizen means treating our stakeholders — which include our customers — fairly and abiding by fundamental ethical principles at the same time as being economically efficient and taking social and environmental contingencies into account," explained Pierre-Alain Urech. In 2012, the Group shaped its commitment to CSR into an official policy as well as setting five-year targets and establishing a plan of action, which is currently being implemented. Through this policy, it is giving tangible expression to one of its 2011-2020 strategic pillars and availing itself of a further competitive advantage.

Romande Energie Group key figures	2012	2011	Change %
Power distributed on the Group's grid (GWh)	2 856	2 777	2.8%
Power sold to end-customers (GWh)	2 780	2 831	-1.8%
Headcount at 31 December	685	687	-0.3%

Financial data	2012	2011	% change
<i>In CHF thousands</i>			
Net revenues	579 412	590'165	-1.8%
Gross profit	259 682	254'165	2.2%
EBITDA	121 594	120'718	0.7%
Depreciation, amortization, impairment	(53 805)	(85 563)	37.1%
EBIT	67 789	35 155	92.8%
Share of profit of loss from affiliated companies	(343 210)	(250 812)	-36.8%
Consolidated net income	(278 211)	(235 180)	-18.3%

The annual report, financial statements of Romande Energie Holding SA and the consolidated financial statements, including auditors' reports, will be available to shareholders as from 26 April 2013 at the head office of Romande Energie Holding SA, rue de Lausanne 53, 1110 Morges 1, or via the following link:

http://investor.romande-energie.ch/investor-relations/information-roadshows-financial-reports/rr-2012.aspx?sc_lang=en

From this date, reports can also be sent to shareholders requesting copies in either electronic or paper form.

The English translation of the corporate governance report will be available at a later date at the following URL: http://investor.romande-energie.ch/about-us/governance.aspx?sc_lang=en

Note to editorial desks

This press release is being issued outside the trading hours of the SIX Swiss Exchange as required by the SIX Listing Rules on ad hoc publicity.

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Pierre-Alain Urech, CEO, and Denis Matthey, CFO, will take questions:

From the media

At the press conference starting at 11.00 am (arrival possible from 10.30 am) on Tuesday 26 March at the Hotel Mirabeau, Lausanne (Avenue de la Gare 31).

From analysts and investors

- On Tuesday 26 March
 - Between 7.30 am and 8.30 am. Please call the following number: +41 (0) 21 341 42 76
 - From 8.30 am, at the Hotel Mirabeau in Lausanne (Avenue de la Gare 31)
- On Wednesday 27 March at 10.00 am in the Au Premier conference room, Zurich main station

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Romande Energie Group at a glance

Romande Energie Group is the leading electricity distributor in Western Switzerland. Through its subsidiary Romande Energie Commerce, it supplies more than 300,000 end-clients directly (representing a catchment population of 500,000 people) in over 300 municipalities in the cantons of Vaud, Valais, Fribourg and Geneva. Its core businesses are the **production**, **distribution** and **marketing** of electricity. The Group's priorities are to provide its clients with high-quality services and guarantee reliable, competitively priced electricity supplies on a long-term basis; to expand its own-power production by investing primarily in new renewable energy sources; and to promote innovative solutions in the field of energy efficiency.

For more information on Romande Energie Group, visit www.romande-energie.ch