

FIRST-HALF RESULTS FOR 2009

Sharp fall in EBIT

Romande Energie Group posted mixed results in the first half of 2009. While EBIT declined by 37%, mainly because of the high cost of energy purchases on the wholesale markets, net income was exceptionally strong following the transaction that preceded the creation of the Alpiq Group in January 2009.

Morges, 1 September 2009 – The significant decrease in EBIT was primarily due to the high cost of energy purchases on the wholesale markets. The first half of the year was also marked by an exceptional accounting operation in connection with the creation of the Alpiq Group. The contribution of assets of EOS Holding (EOSH) under the merger of EOS and Atel led to the recognition of a book profit of some CHF 1.9 billion at EOSH. As Romande Energie has a shareholding of 28.72% in EOSH, the Group's equity in net income of affiliated companies rose by CHF 551 million.

Net revenues up

Net revenues amounted to CHF 282 million, an increase of CHF 26 million (10%) compared with the first half of 2008. This revenue growth is explained mainly by an extension of the marketing zone since Romande Energie Commerce SA commenced operations on 1 April 2008, bringing together the marketing activities of several electricity distributors in Vaud Canton.

Sharp rise in energy purchases

The cost of energy supplies exceeded the H1 08 figure by CHF 18.6 million. Purchasing volumes were also higher (up some 102 GWh) in order to accommodate increased sales and offset a fall of 13% in own-power generation caused by adverse weather condition

Lower gross margin

Gross margin contracted by CHF 6.7 million (-6%) compared with the first half of 2008.

Stable operating expenses

Taking into account the various acquisitions made in 2008, personnel expenses and other operating expenses in H1 09 were perfectly in line with those in the year-earlier period.

Exceptional net income

Net income stood at CHF 607 million. This figure includes an exceptional gain of CHF 551 million resulting from the transaction that led to the creation of Alpiq in January 2009, following the merger of EOS and Atel. Excluding equity in net income of affiliated companies, the Group's net earnings fell by CHF 4.3 million (-18.8%).

Rise in share price

Romande Energie shares were trading at CHF 2,045 at 30 June 2009, compared with CHF 1,980 at 31 December 2008. Taking into account holdings of own shares, market capitalization was CHF 2.3 billion (CHF 2.2 billion six months earlier).

Acquisition of Tecfor SA

On 18 May 2009, Romande Energie Group acquired Tecfor SA, a company active in the field of geothermal drilling. This acquisition is in keeping with the Group's energy efficiency strategy, the aim being to offer customers a turnkey solution for installing heat pumps.

Outlook

The first effects of the economic crisis were clearly apparent during the first half of the year, and the Group expects a slight contraction in the volume of kWh distributed. Between 1 September and 31 October 2009, customers consuming more than 100,000 kWh a year will again be able to exercise their right of eligibility for electricity supplies. The volumes gained or lost by Romande Energie Commerce SA will depend, among other factors, on the strategies adopted by competitors and price trends on the wholesale markets.

The Group will keep its prices unchanged in 2010, even though it anticipates higher costs on the supply front. This decision reflects its desire not to aggravate the difficulties facing some of its clients in a climate marked by economic recession. Romande Energie will use the 2009 dividend from EOSH to hold prices at their current levels.

Spearheaded by the Environment Business Unit, activities focusing on energy efficiency will be stepped up considerably in the coming months. At the same time, the Group will press ahead with its efforts to expand own-power production capacities.

A large slice of the income arising from the transaction which led to the creation of Alpiq is of a purely accounting nature. All the cash received by the Group in this connection, namely CHF 114.9 million, will be invested in production units based on new renewable energy sources. With some CHF 570 million already allocated to renewable energy projects, Romande Energie is determined to play a key role in promoting these new methods of power generation and aims to produce between 250 and 300 GWh of additional green electricity by 2020-2025.

Finally, the Group continues to devote great attention as well as substantial resources to maintaining and modernizing its distribution grids and enhancing its services, in order to ensure that clients enjoy the security of supply and quality of service to which they are entitled.

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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 analysts, investors and journalists on Tuesday 1 September 2009, from 8 to 10 am.

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