

## **H1 10 RESULTS OF ROMANDE ENERGIE GROUP**

### **Slight rise in revenues**

**Revenues at Romande Energie Group rose by 1.3% in the first half of 2010, mainly because of an increase in the volume of electricity distributed on the Group's grid. EBITDA was up 1.5% to CHF 45.5 million. Net income amounted to CHF 28.7 million, showing a decline compared with 30 June 2009; this was primarily due to the valuation adjustments necessitated by the significant fall in the euro exchange rate.**

Morges, 30 August 2010

#### **Net revenues up**

Net revenues totalled CHF 285.8 million, up CHF 3.5 million compared with H1 09. The main reason for this was the higher volume of electricity distributed on the Group's grid (+3.3%). There was also a slight rise (+1.1%) in the volume of energy marketed to end-clients.

#### **Energy costs stable**

The volume of energy purchases fell by 1.6%, without having a significant effect on the total cost of energy supplies. Although own-power production was comparable to that in the year-earlier period, it was down 15.2% in relation to the multi-annual average as a result of unfavourable weather conditions.

#### **Operating expenses under control**

The companies acquired in 2009 and the expansion of the Environment business unit drove an increase in personnel expenses (+6.1%) and other operating expenses. This business unit is responsible for implementing the Group's strategy in the areas of energy efficiency and new sources of renewable energy.

#### **Net income down**

The marked decline in the euro exchange rate during the first half of 2010 necessitated a valuation adjustment on contracts for forward purchases of euros to cover future acquisitions of energy supplies. Valued at the exchange rate in effect on 30 June 2010, these contracts had a negative impact of some CHF 15 million on net income for the period, which amounted to CHF 28.7 million. The year-earlier figure for net income was CHF 668 million, as it included an exceptional gain resulting from the creation of Alpiq in January 2009. Excluding this exceptional factor, net income in H1 10 was 49% lower than in the first half of 2009.

#### **Investments**

The biomass power station located at Rueyres was inaugurated early in July 2010. At 30 June, this plant represented a total outlay of CHF 37 million, of which CHF 7 million was recognized in the H1 financial statements. The Group invested a further CHF 11 million during the first half of the year in order to expand and improve its power production facilities, allocating CHF 5 million of this amount to new sources of renewable energy. It also pushed ahead with its capital expenditure project of CHF 17 million for the development and renewal of distribution installations.

## Outlook

The Group's full-year income for 2010 will depend on the performance of the euro during the second half of the year. A difference of 1 ct in the euro exchange rate compared with the rate at 30 June 2010 would imply a valuation adjustment of CHF 1.1 million based on the forward purchase contracts open at that date.

Romande Energie expects a slight increase (around 1%) in the kilowatt hours (kWh) distributed in H2 10. This forecast is in line with the rise in consumption observed in the first half of the year.

Between 1 September and 31 October 2010, clients consuming more than 100,000 kWh annually will again be able to exercise their right of eligibility and opt for another power supplier. While we operate in a competitive environment, we do not anticipate any major movements among customers. The fact is that the level of prices on the electricity market and the existing legal constraints continue to favour loyalty to the traditional supplier.

The Group is pressing ahead with its environmental strategy geared to energy efficiency and new sources of renewable energy. The Environment business unit is working on a project portfolio worth some CHF 570 million, encompassing wind farms, biomass, small hydraulics and solar energy. The objective is to generate 250 to 300 million kWh of electricity from these sources by 2020-2025 and cover the energy requirements of 10% of Romande Energie's clients. This ambitious goal depends, in particular, on whether the necessary building permits can be obtained. Major investment projects for conventional power stations, hydraulic and gas-fired plants are being studied for purposes of expanding the Group's own-power generation facilities and meeting growing customer needs.

Romande Energie will keep its prices unchanged in 2011. However, a new system of tariff schedules and time slots for peak and off-peak hours in the entire distribution area served by the Group will be introduced on 1 January 2011. None of these operations will have a significant impact on profitability.

The Group allocates substantial resources for the regular maintenance and upgrading of its distribution grids, in order to guarantee reliable supplies for clients. Mindful of new client expectations, it is also developing – via its marketing arm, Romande Energie Commerce – innovative products and services designed to encourage consumption of eco-energies and promote economical energy use.

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<b>Romande Energie Group key figures</b>	<b>H1 2010</b>	<b>H1 2009</b>	<b>Change as %</b>
Power distributed on the Group's grid (GWh)	<b>1 472</b>	1 424	3.3
Power sold to end-clients (GWh)	<b>1 444</b>	1 424	1.1
Net revenues (CHF 000)	<b>285 799</b>	282 282	1.25
Gross margin (CHF 000)	<b>110 725</b>	104 495	5.96
EBITDA (CHF 000)	<b>45 528</b>	44 878	1.45
Depreciation and valuation adjustments (CHF 000)	<b>(23 592)</b>	(24 341)	-3.08
EBIT (CHF 000)	<b>21 936</b>	20 537	6.81
Equity in net income of affiliated companies (CHF 000)	<b>31 354</b>	649 744	n.s
Consolidated net income (CHF 000)	<b>28 668</b>	668 077	n.s

## 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.
- The interim report of Romande Energie Holding SA Group can be downloaded at [www.romande-energie.ch](http://www.romande-energie.ch) or ordered from our head office in Morges by phone (+41 (0)21 802 91 11) or by email ([info@romande-energie.ch](mailto:info@romande-energie.ch)).
- Pierre-Alain Urech, CEO, and Denis Matthey, CFO, will take questions from analysts, investors and media representatives from 8am to 10am on Tuesday, 31 August 2010.

Contact number for analysts and investors: +41 (0)21 802 97 00

Contact number for media representatives: +41 (0)21 802 95 67

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## Contact

Karin Devalte  
Head of Communications  
Rue de Lausanne 53  
1110 Morges

Phone: + 41 (0)21 802 95 67  
Mobile: + 41 (0)79 386 47 67  
Email: [karin.devalte@romande-energie.ch](mailto:karin.devalte@romande-energie.ch)

## Romande Energie at a glance (2010)

Meeting the electricity needs of 280,000 direct clients (representing a catchment population of 500,000 people) spread over 318 municipalities in the cantons of Vaud, Valais, Fribourg and Geneva, Romande Energie Group is one of Switzerland's top five electricity distributors. Its core businesses are the production, distribution and marketing of electricity, and the management of power grids. 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](http://www.romande-energie.ch)