

H1 2011 RESULTS OF ROMANDE ENERGIE GROUP

Results in line with expectations

Total revenues at Romande Energie Holding SA edged up in the first half of 2011 and gross margin rose by around 10%. Net income grew sharply, despite lower equity earnings from affiliated companies and a deterioration in financial income caused by the significant fall in the euro exchange rate.

Morges, 30 August 2011

Slight increase in net revenues

Net revenues totalled CHF 287.9 million, an increase of 0.7% compared with H1 2010. In an environment marked by a slight contraction in the volume of electricity distributed and marketed by the Group, due in part to the particularly mild weather, this moderate rise in revenues was attributable to non-energy-related activities (miscellaneous services).

Energy costs down

The cost of energy supplies fell by 7% year-on-year, driven by lower selling prices on the European energy market and the weak euro. This enabled the Group to correct the negative results posted in this area during the first half of 2010. However, the improvement was counterbalanced to some extent by a considerable reduction in output at Romande Energie's hydroelectric plants because of low precipitation during H1 2011. Own-power production, which is almost exclusively hydraulic, therefore fell by 19.7% compared with the year-earlier period and by 29.3% in relation to the multi-annual average.

Personnel expenses stable

Personnel expenses were stable at CHF 40.3 million and operating expenses declined by CHF 1 million at constant scope, underscoring the Group's determination to keep management costs under control. The sale of a real estate asset for around CHF 5 million also had a positive effect on operating expenses.

Income from affiliated companies markedly lower

Income from affiliated companies amounted to CHF 20 million, down by over 35% compared with the same period of 2010. This item is strongly influenced by the results of EOS Holding SA, which depend on those of the Alpiq Group. As announced on 19 August, Alpiq's results for the first half of 2011 were significantly below target.

Net income up

Despite the considerable decline in earnings from affiliated companies and valuation adjustments of around CHF 4 million necessitated by the fall in the euro exchange rate, Romande Energie Holding SA saw its net income grow by 55% to CHF 44.7 in H1 2011. This was due to a sizable reduction of CHF 13 million in financial expenses, which had strongly impacted net income in 2010, as well as extraordinary income generated by the sale of a real estate asset.

Investments

In January 2011, Romande Energie Group acquired all the assets of the power distribution grid in Troistorrents (Lower Valais) through its subsidiary Société électrique de Champéry – Val d'Illeiez SA (SECVI SA). The acquisition of this grid, which serves some 3,650 clients, will enable the Group's grids to be linked to those of Val d'Illeiez which were acquired previously.

Outlook: satisfactory 2011 performance

The uncertainties currently affecting the economy and the financial markets could have an impact on energy consumption during the second half of the year and hence lead to a slight contraction in Group revenues.

Furthermore, since most of the electricity needed to meet clients' requirements is already covered by purchase agreements, the Group's results will be little influenced by price volatility on the energy markets.

However, a continuing decline in the euro exchange rate would affect financial income. In order to reduce the risk of currency exposure to ensure a certain degree of price stability for its clients, the Group always hedges any long-term energy purchase by making a parallel purchase of euros. Based on the forward purchase contracts open at 30 June 2011, valued at a rate of CHF 1.17 per euro, a difference of 1 ct in the euro exchange rate would require a valuation adjustment of CHF 1.3 million.

Regarding its operating activities, Romande Energie Group :

- continues to invest in order to maintain the excellent performance of its distribution grids and to guarantee reliable supplies for its clients;
- is working on a project portfolio worth around CHF 600 million, encompassing biomass, wind farms, small hydraulics, geothermics and photovoltaic solar energy in order to substantially increase the contribution made by these new types of generation to the country's energy supply;
- is pressing ahead with major investment projects for conventional power stations, hydraulic and gas-fired plants for purposes of expanding its own-power generation facilities and, over the medium term, gaining greater independence from the electricity markets;
- is developing innovative solutions and services to promote economical energy use and encourage consumption of eco-energies among its clients;
- adheres to its policy of offering clients fair and competitive prices. This will not have a significant impact on the Group's overall profitability.

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Romande Energie Group key figures	H1	H1	Change
	2011	2010	as %
Power distributed on the Group's grid (GWh)	1'449	1'472	-1.6%
Power sold to end-clients (GWh)	1'442	1'444	-0.1%
Net revenues (CHF 000)	287'897	285'799	0.7%
Gross margin (CHF 000)	121'308	110'725	9.6%
EBITDA (CHF 000)	62'499	45'528	37.3%
Depreciation and amortization (CHF 000)	25'819	23'592	9.4%
EBIT (CHF 000)	36'680	21'936	67.2%
Equity in net income of affiliated companies (CHF 000)	20'079	31'354	-36.0%
Net income (CHF 000)	44'651	28'668	55.8%

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 or ordered from our head office in Morges by phone (+41 (0)21 802 91 11) or by email (info@romande-energie.ch).
- Pierre-Alain Urech, CEO, and Denis Matthey, CFO, will take questions from analysts, investors and media representatives from 10am to 12am on Tuesday, 30 August 2011.

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Romande Energie at a glance

Meeting the electricity needs of almost 300,000 direct clients (representing a catchment population of more than 500,000 people) spread over 319 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. 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