

INTERIM REPORT 2016

Romande Energie Group

UNITS

CURRENCIES

| | |
|-----|--------------|
| CHF | Swiss francs |
| EUR | euros |
| m | million |
| bn | billion |

POWER

| | | |
|-----|-------------------|----------|
| kW | kilowatt | |
| MW | megawatt | 1,000 kW |
| MWe | megawatt electric | |

ENERGY

| | | |
|-----|---------------|---------------|
| kWh | kilowatt hour | |
| MWh | megawatt hour | 1,000 kWh |
| GWh | gigawatt hour | 1 million kWh |
| TWh | terawatt hour | 1 billion kWh |

VOLTAGE

| | | |
|----|-----------|-------------|
| kV | kilovolts | 1,000 volts |
|----|-----------|-------------|

POWER TRANSFORMATION CAPACITY

| | | |
|-----|----------------|-----------|
| kVA | kilovoltampere | |
| MVA | megavoltampere | 1,000 kVA |

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The English translation is based on the French original. In case of doubt the original French shall prevail.

ROMANDE ENERGIE GROUP FINANCIAL OVERVIEW

Key consolidated figures

as at 30 June 2016

| <i>In CHF thousands, unless otherwise stated</i> | 1/1- 30/06/16 | 1/1- 30/06/15 | 1/1- 30/06/14 | 1/1- 30/06/13 | 1/1- 30/06/12 |
|----------------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| INCOME STATEMENT | | | | | |
| Net revenues | 291'683 | 288'553 | 285'799 | 284'860 | 289'040 |
| Gross profit | 141'408 | 147'225 | 141'977 | 123'494 | 136'433 |
| Personnel expenses | 34'140 | 46'510 | 43'719 | 43'647 | 43'460 |
| EBITDA* | 83'532 | 77'634 | 75'089 | 57'186 | 69'721 |
| EBIT** | 57'407 | 50'225 | 48'580 | 31'320 | 43'271 |
| Share of profit of associates | 2'604 | (81'031) | 4'195 | 16'804 | 1'113 |
| Net profit | 55'322 | (53'203) | 45'016 | 53'487 | 44'376 |
| CASH FLOW | | | | | |
| Net cash provided by operating activities | 37'884 | 65'009 | 92'939 | 94'512 | 84'618 |
| Net cash used in/provided by investing activities | (13'016) | 40'986 | (148'454) | (61'384) | (18'922) |
| Net cash used in financing activities | (49'932) | (33'490) | (33'229) | (109'198) | (27'381) |
| OTHER DATA | | | | | |
| Equity attributable to parent company shareholders | 1'601'375 | 1'585'389 | 1'960'325 | 1'899'109 | 1'947'441 |
| Shareholders' equity as % of total assets | 77% | 75% | 81% | 80% | 80% |
| Shareholders' equity per share (in CHF) | 1'553 | 1'544 | 1'905 | 1'845 | 1'774 |
| Romande Energie Holding SA share price (in CHF) | 1'040 | 1'100 | 1'106 | 1'143 | 1'065 |

*EBITDA: earnings before interest, taxes, depreciation and amortisation

**EBIT: earnings before interest and taxes

The above financial data were prepared in accordance with the International Financial Reporting Standards (IFRS).

Financial highlights

For the first six months of the year, Romande Energie Group reported an 8% increase in EBITDA to CHF 84m and a 14% increase in EBIT to CHF 57m.

Higher profits stemmed chiefly from the combined effect of marginally better revenue in the period and a CHF 12m decline in personnel expenses following pension-plan changes.

The net share of profit from associates was positive at CHF 3m compared with a net loss of CHF 81m in the prior-year period, which had resulted from significant impairment charges that Alpiq booked in its financial statements in 2015.

Consequently, Romande Energie Group reported a net profit of CHF 55m.

Mild weather conditions during the winter season, at the start of 2016, resulted in a brisk 41% increase in power generated by Group-owned facilities to 346 GWh.

Revenues

Consolidated revenues in the first six months of 2016 edged up by 1%, or CHF 3m, to CHF 292m.

Mild temperatures in the period led to a fall in household demand for electricity. This was offset by a marginal increase in consumption by unregulated-market customers. Power consumption across the distribution grid was practically unchanged at 1,452 GWh.

Energy supply

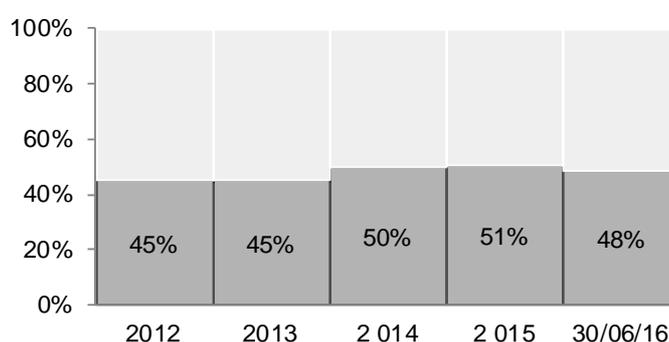
Procurement costs advanced by 6%, or CHF 9m, versus the prior-year period to CHF 150m. This stemmed chiefly from increased wholesale trading and the partial deconsolidation of Forces Motrices du Grand-Saint-Bernard. Additionally, the business development of energy services operations resulted in an increase in non-power procurement.

High rainfall in the period produced a 41% increase in proprietary power generation to 346 GWh, representing 18% of the Group's power requirements in the period under review.

Gross profit

Gross profit fell by 4% to CHF 141m, reverting to a level similar to H1 2014.

Trend in gross margin (%)



Operating expenses

Personnel expenses fell by a sharp 27%, or CHF 12m, to CHF 34m. The reduction in the technical interest rate from 3.5% to 2.5% from 1 July 2016, decided upon by the Occupational Pension Foundation, resulted in an immediate reduction in the conversion ratio. This change to the pension plan has generated a one-time gain of CHF 12m for the financial year, under application of IAS 19.

EBITDA and EBIT

The sharp decrease in personnel expenses sent EBITDA 8% and EBIT 14% higher to CHF 84m and CHF 57m, respectively.

Net financial income

Following the high expense amounts recorded in 2015 resulting from the abandonment of the minimum EUR/CHF exchange rate, net financial income was primarily impacted by extremely low – or at times, negative – interest rates on capital markets. Overall, net financial income narrowed from an expense of CHF 13m in the first half of 2015 to an expense of CHF 2m.

Share of profit from associates

The net share of profits from associates reverted to positive territory in the first half of 2016, totalling CHF 3m compared with a loss of CHF 81m in the prior-year period. The prior-year loss had comprised an after-tax impairment charge of CHF 834m booked by Alpiq, resulting – after recognition of the ordinary business of Alpiq and EOS Holding – in a negative impact of CHF 83m in the Group's financial statements.

Net profit

Romande Energie Group reported a net profit of CHF 55m for the first six months of 2016 versus a net loss of CHF 53m in the prior-year period.

Equity attributable to the Group

Projected pension liabilities increased by CHF 40m on account of the negligible actual and prospective returns on capital market assets. This increase in liabilities was deducted directly from the equity of Romande Energie Group.

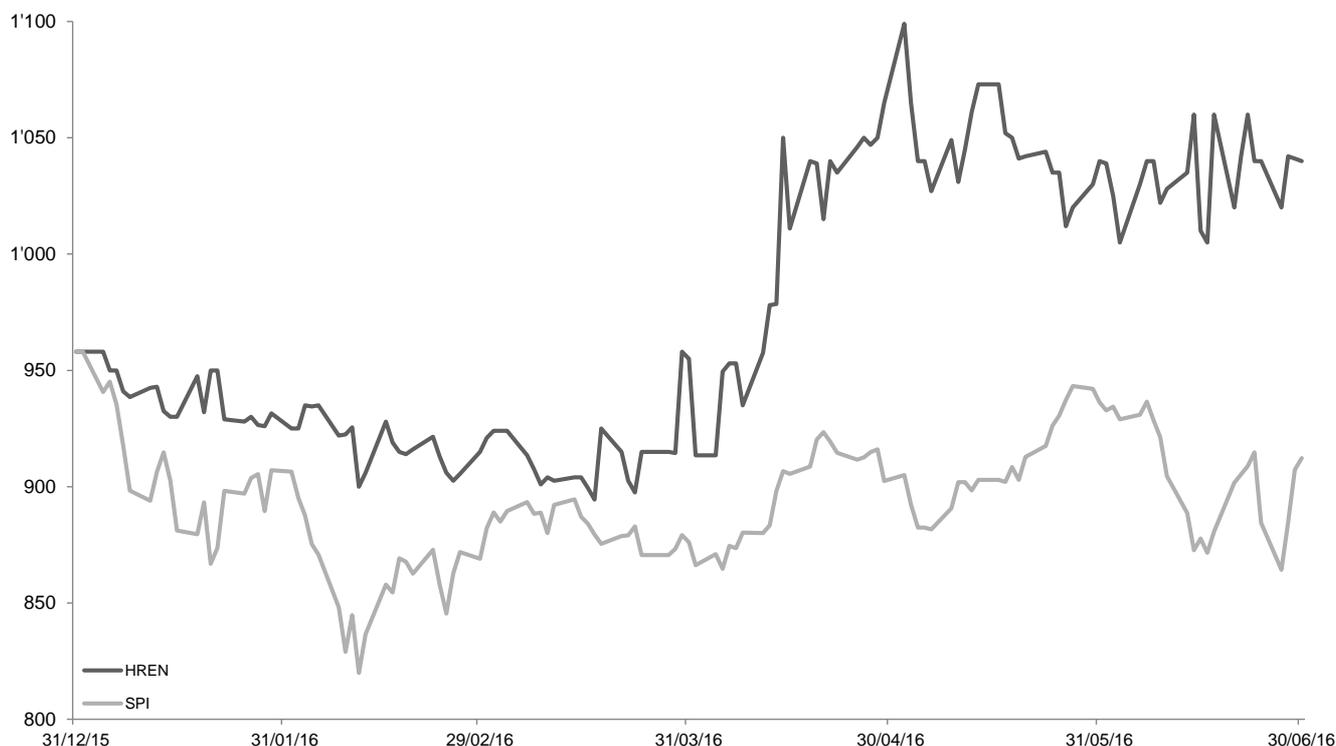
Equity attributable to owners of the parent was practically stable at CHF 1.6bn.

As at 30 June, market capitalisation was unchanged at CHF 1.1bn, which was below the carrying value of equity.

The financial independence ratio, at 77%, was identical to the result as at 31 December 2015.

Share price

The registered shares of Romande Energie Holding SA closed at a price of CHF 1,040 on 30 June 2016, representing a decline year on year (CHF 1,100) but higher than at 31 December 2015 (CHF 958).



Enterprise value

Enterprise value, which is the total amount that shareholders and third parties have invested in the Group less cash and cash equivalents, was as follows at 30 June 2016:

| <i>In CHF thousands</i> | 1/1-30/06/16 | 31/12/15 |
|--------------------------------|---------------------|-----------------|
| Market capitalisation | 1'072'510 | 987'947 |
| Non-controlling interests | 24'804 | 30'508 |
| Financial liabilities | 104'899 | 116'030 |
| Less cash and cash equivalents | (222'006) | (247'070) |
| Enterprise value | 980'207 | 887'415 |

Outlook

The political and economic outlook in Europe has become vague since the Brexit vote. As such, the chances that negotiations with the EU will come to fruition, and as a result lead to full liberalisation of the Swiss electricity market, have dwindled.

The Group's response to this uncertain outlook has been to continue developing energy efficiency and services – a business which it sees as having long-term potential. Additionally, it continues to pursue a long-term strategy of expanding the portfolio of proprietary renewable generation assets, both in Switzerland and further afield.

Romande Energie expects a full-year business performance in line with the first six months of 2016.

ROMANDE ENERGIE GROUP CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

as at 30 June 2016 (unaudited)

| <i>In CHF thousands, except per share amounts</i> | Note | 1/1-30/06/16 | 1/1-30/06/15 restated |
|---------------------------------------------------|------|----------------|--------------------------|
| Revenues | 5 | 262'656 | 260'323 |
| Other income | 5 | 29'027 | 28'230 |
| Net revenues | | 291'683 | 288'553 |
| Purchases of energy, goods and services | 6 | (150'275) | (141'328) |
| Gross profit | | 141'408 | 147'225 |
| Personnel expenses | | (34'140) | (46'510) |
| Other operating expenses | | (23'736) | (23'081) |
| EBITDA | | 83'532 | 77'634 |
| Depreciation on property, plant and equipment | | (24'634) | (25'582) |
| Amortisation of intangible assets | | (1'491) | (1'827) |
| EBIT | | 57'407 | 50'225 |
| Financial income | 7 | 1'079 | 1'249 |
| Financial expenses | 7 | (2'665) | (14'403) |
| Share of profit of associates | | 2'604 | (81'031) |
| Profit before taxes | | 58'425 | (43'960) |
| Income taxes | | (3'103) | (9'243) |
| Net profit | | 55'322 | (53'203) |
| Attributable to | | | |
| Parent company shareholders | | 52'528 | (57'478) |
| Non-controlling interests | | 2'794 | 4'275 |
| | | 55'322 | (53'203) |
| Weighted average number of shares outstanding | | 1'031'260 | 1'026'563 |
| Earnings per share in CHF | | 51 | (56) |

The accompanying notes form an integral part of the financial statements.

Consolidated comprehensive income statement

as at 30 June 2016 (unaudited)

| <i>In CHF thousands</i> | Note | 1/1/-30/06/16 | 1/1/-30/06/15 restated |
|----------------------------------------------------------------------------------------------|------|-----------------|---------------------------|
| Net profit (loss) of the Group | | 55'322 | (53'203) |
| Fair value of hedging instruments, gross value | | 307 | (10'187) |
| Tax effects | | (26) | 785 |
| Fair value of hedging instruments of associates | | (1'400) | 4'390 |
| Change in the fair value of hedging instruments | | (1'119) | (5'012) |
| Fair value of available-for-sale financial instruments, gross value | | 16 | (39) |
| Tax effects | | (1) | 3 |
| Fair value of available-for-sale financial instruments of associates | | 278 | 286 |
| Change in the fair value of available-for-sale financial assets | | 293 | 250 |
| Exchange difference of consolidated entities | | 37 | (774) |
| Exchange difference of associates | | (42) | (25'718) |
| Exchange difference | | (5) | (26'492) |
| Total other items reclassifiable subsequently to the income statement, net of tax | | (831) | (31'255) |
| Actuarial gains and losses relating to pension plan, gross value | 8 | (49'101) | (26'911) |
| Tax effects | | 9'539 | 5'797 |
| Actuarial gains and losses relating to associates' pension plans | 14 | (7'191) | (1'961) |
| Actuarial gains and losses relating to pension plans | | (46'753) | (23'075) |
| Total other items not reclassifiable subsequently to the income statement, net of tax | | (46'753) | (23'075) |
| Other comprehensive income of the Group | | (47'584) | (54'330) |
| Comprehensive income of the Group | | 7'738 | (107'533) |
| Attributable to | | | |
| Parent company shareholders | | 4'944 | (111'808) |
| Non-controlling interests | | 2'794 | 4'275 |
| | | 7'738 | (107'533) |

The accompanying notes form an integral part of the financial statements.

Consolidated balance sheet

as at 30 June 2016 (unaudited)

In CHF thousands

| | Note | 1/1/-30/06/16 | 31/12/15 |
|-----------------------------------------------------------------|------|------------------|------------------|
| ASSETS | | | restated |
| Current assets | | | |
| Cash and cash equivalents | 11 | 222'006 | 247'070 |
| Securities and term deposits | | 155'164 | 185'406 |
| Trade accounts receivable | | 78'733 | 82'870 |
| Financial assets and other current assets | | 41'688 | 16'868 |
| Total current assets | | 497'591 | 532'214 |
| Non-current assets | | | |
| Property, plant and equipment | | 1'022'298 | 1'060'017 |
| Investment property | | 2'185 | 2'259 |
| Intangible assets | | 27'285 | 25'796 |
| Investments in associates | | 481'245 | 491'724 |
| Other long-term financial assets | | 57'428 | 24'742 |
| Deferred tax assets | | 427 | 1'794 |
| Total non-current assets | | 1'590'868 | 1'606'332 |
| Total assets | | 2'088'459 | 2'138'546 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current liabilities | | | |
| Trade accounts payable | | 14'863 | 23'000 |
| Financial liabilities and other short-term liabilities | | 82'337 | 103'610 |
| Short-term portion of long-term borrowings | | 263 | 1'263 |
| Current taxes payable | | 17'116 | 7'378 |
| Short-term provisions | | 100 | 345 |
| Total current liabilities | | 114'679 | 135'596 |
| Non-current liabilities | | | |
| Long-term borrowings | | 104'636 | 114'767 |
| Deferred tax liabilities | | 105'061 | 116'912 |
| Liabilities resulting from defined-benefit pension plan | | 137'262 | 100'847 |
| Long-term provisions | | 642 | 631 |
| Total non-current liabilities | | 347'601 | 333'157 |
| Total liabilities | | 462'280 | 468'753 |
| Equity attributable to parent company shareholders | | | |
| Share capital | | 28'500 | 28'500 |
| Additional paid-in capital | | 13'111 | 13'111 |
| Other reserves | 14 | (155'994) | (108'410) |
| Retained earnings | | 1'809'848 | 1'800'174 |
| Own shares | | (94'090) | (94'090) |
| Total equity attributable to parent company shareholders | | 1'601'375 | 1'639'285 |
| Non-controlling interests | | 24'804 | 30'508 |
| Total shareholders' equity | | 1'626'179 | 1'669'793 |
| Total liabilities and shareholders' equity | | 2'088'459 | 2'138'546 |

The accompanying notes form an integral part of the financial statements.

Consolidated cash flow statement

as at 30 June 2016 (unaudited)

| <i>In CHF thousands</i> | Note | 1/1/-30/06/16 | 1.1.-30.06.15 |
|-----------------------------------------------------------------------------|------|-----------------|-----------------|
| Group net (loss)/profit | | 55'322 | (53'203) |
| Non-cash and non-operating items added back | | 15'700 | 115'452 |
| Cash flows before change in working capital | | 71'021 | 62'248 |
| Change in net current assets and other cash flows from operating activities | | (33'138) | 2'760 |
| Net cash provided by operating activities | | 37'884 | 65'009 |
| Net cash used in/provided by investing activities | | (13'016) | 40'986 |
| Net cash used in financing activities | | (49'932) | (33'490) |
| Net effect of exchange difference on cash and cash equivalents | | - | (123) |
| Net change in cash and cash equivalents | | (25'064) | 72'382 |
| Cash and cash equivalents at beginning of year | | 247'070 | 191'157 |
| Cash and cash equivalents at end of period | 11 | 222'006 | 263'539 |

The accompanying notes form an integral part of the financial statements.

Consolidated statement of changes in shareholders' equity

as at 30 June 2016 (unaudited)

Equity of parent company shareholders

In CHF thousands

| | Share capital | Additional paid-in capital | Other reserves | Retained earnings | Own shares | Total | Non-controlling interests | Total shareholders' equity |
|---------------------------------------------|---------------|----------------------------|-----------------|-------------------|-----------------|------------------|---------------------------|----------------------------|
| <i>Note</i> | | | 14 | | | | | |
| Balance at 1 January 2015 | 28'500 | 13'111 | (56'399) | 1'838'583 | (99'101) | 1'724'694 | 27'868 | 1'752'562 |
| Restatements (Note 2) | | | (4'110) | 4'110 | | | | |
| Balance at 1 January 2015 (restated) | 28'500 | 13'111 | (60'509) | 1'842'693 | (99'101) | 1'724'694 | 27'868 | 1'752'562 |

Change in shareholders' equity 2015

| | | | | | | | | |
|-----------------------------------------------------------------|---------------|---------------|------------------|------------------|-----------------|------------------|---------------|------------------|
| Dividend paid to parent company shareholders (CHF 30 per share) | | | | (30'797) | | (30'797) | | (30'797) |
| Change in consolidation scope | | | | (66) | | (66) | (119) | (185) |
| Dividend paid to non-controlling interests | | | | | | | (2'562) | (2'562) |
| Other changes | | | | 4 | | 4 | | 4 |
| Group net profit (loss) | | | | (57'478) | | (57'478) | 4'275 | (53'203) |
| Other comprehensive income | | | (54'330) | 3'362 | | (50'968) | | (50'968) |
| <i>Group comprehensive income (loss)</i> | | | (54'330) | (54'116) | | (108'446) | 4'275 | (104'171) |
| Balance at 30 June 2015 | 28'500 | 13'111 | (114'839) | 1'757'718 | (99'101) | 1'585'389 | 29'462 | 1'614'851 |

| | | | | | | | | |
|----------------------------------|---------------|---------------|------------------|------------------|-----------------|------------------|---------------|------------------|
| Balance at 1 January 2016 | 28'500 | 13'111 | (108'410) | 1'800'174 | (94'090) | 1'639'285 | 30'508 | 1'669'793 |
|----------------------------------|---------------|---------------|------------------|------------------|-----------------|------------------|---------------|------------------|

Change in shareholders' equity 2016

| | | | | | | | | |
|-----------------------------------------------------------------|---------------|---------------|------------------|------------------|-----------------|------------------|---------------|------------------|
| Dividend paid to parent company shareholders (CHF 33 per share) | | | | (34'032) | | (34'032) | | (34'032) |
| Change in consolidation scope | | | | (8'546) | | (8'546) | (6'214) | (14'760) |
| Dividend paid to non-controlling interests | | | | | | | (2'284) | (2'284) |
| Other changes | | | | (276) | | (276) | | (276) |
| Group net profit | | | | 52'528 | | 52'528 | 2'794 | 55'322 |
| Other comprehensive income | | | (47'584) | | | (47'584) | | (47'584) |
| <i>Group comprehensive income (loss)</i> | | | (47'584) | 52'528 | | 4'944 | 2'794 | 7'738 |
| Balance at 30 June 2016 | 28'500 | 13'111 | (155'994) | 1'809'848 | (94'090) | 1'601'375 | 24'804 | 1'626'179 |

The accompanying notes form an integral part of the financial statements.

Notes to the consolidated financial statements

NOTE 1

General information

Romande Energie Holding SA, a holding company incorporated in Switzerland with its registered office in Morges, is the direct or indirect owner of all the companies belonging to Romande Energie Group (the Group). The Group is active in electricity distribution, marketing, management and efficiency. Each represents one business unit (see Note 4).

The Group's interim consolidated financial statements for 2016 were adopted by the Board of Directors of Romande Energie Holding SA on 7 September 2016.

NOTE 2

Summary of accounting policies

The Group's consolidated financial statements are presented in CHF thousands and have been prepared under the historical cost convention, with the exception of certain property, plant and equipment and financial instruments, which are measured at fair value. They comply with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and Interpretations originated by the International Financial Reporting Interpretations Committee (IFRIC). The interim financial statements as at 30 June 2016 were prepared in compliance with the principles and policies set forth in the consolidated financial statements for 2015 and in accordance with IAS 34. The amendments resulting from improvements in IFRS, and the adoption of new standards and interpretations, had no impact on the interim consolidated financial statements.

Revenues and gross profit are affected by seasonal factors over the course of the year. The resulting fluctuations are predominantly associated with weather conditions.

Restatements of 2015 figures

Through more detailed information provided by associates, the allocation of fair-value adjustments relating to these companies, booked under the Group's equity at the outset, was recalculated. On this basis, the opening and closing balances of other reserves for the 2015 financial year (Note 14) were restated, resulting in the transfer of a total of CHF 4m to retained earnings.

NOTE 3

Accounting and measurement principles

These interim financial statements and the comparative figures for the prior-year period have been prepared in accordance with the same consolidation, accounting and measurement principles used in the 2015 consolidated financial statements. A detailed description of these principles can be found in the notes to the consolidated financial statements contained in the 2015 Financial Review, downloadable from www.romande-energie.ch.

NOTE 4

Segment reporting

Operating segments are determined on the basis of the business units, which are required to submit regular reports to the Management Committee.

The Group is organised into the following four business units:

- Marketing
- Networks
- Energy
- Energy Services

These four business units are managed as separate entities even though they all engage in energy-related activities. As the Group operates almost exclusively in Switzerland, geographical areas are not taken into account.

The Marketing business unit is responsible for electricity sales, ancillary services (invoicing, call centre, etc.) as well as products and services embracing all customer categories, such as energy audits and public lighting systems. This business unit procures power from the Energy business unit. Virtually all operations in this business unit are housed within Romande Energie Commerce SA, a subsidiary in which the Group has a shareholding of 77.8%, up from 66.7% in 2015.

The main task of the Networks business unit is to ensure high-quality power transmission in accordance with prevailing standards. For this purpose, it is entrusted with the maintenance and development of the electricity distribution grid. Most of this business unit's operations are subject to regulation. Its revenues chiefly consist of the remuneration received for making the grid available to end-customers and resellers. This remuneration is governed by the provisions of the Electricity Supply Act.

The main tasks of the Energy business unit are energy portfolio management, hydropower generation, and the development and generation of power using novel renewable sources and gas.

The Energy Services business unit is responsible for marketing all of the services offered by the Group in the fields of building energy systems (heat pumps, solar thermal energy and photovoltaic energy), lighting systems (public lighting and illumination) and thermal advisory services and systems (heating solutions for companies and municipalities, advisory services and energy audits).

Transactions between business units are carried out at a price close to market prices, except for activities where transfer prices are determined by law.

The same accounting principles are applied in all the business units. The Group has no single client accounting for more than 10% of revenues.

Operating assets of each business unit mainly consist of property, plant and equipment, trade accounts receivable and other receivables. Operating liabilities primarily comprise trade accounts payable and other payables.

The various support services within the Group come under the Corporate division. This encompasses Finance, Human Resources, Legal and Corporate Communications. Expenses attributable to the corporate centre are costs incurred in connection with the activities of the Group's head office. Income and expenditure that cannot be allocated to a specific business unit are also booked under this heading. Assets and liabilities mostly comprise cash and cash equivalents, investments in associates, and financial liabilities.

Segment reporting is based on IFRS.

Reporting by operating segment as at 30 June 2016

| <i>In CHF thousands</i> | Marketing | Networks | Energy | Energy Services | Corporate | Eliminations | Total |
|-----------------------------------------|----------------|----------------|----------------|-----------------|---------------|------------------|----------------|
| Net revenues from third parties | 115'806 | 138'385 | 27'943 | 8'898 | 651 | | 291'683 |
| Net revenues from other units | 5'687 | 1'774 | 96'497 | 692 | 23'154 | (127'804) | |
| Net revenues of business units | 121'493 | 140'159 | 124'440 | 9'590 | 23'805 | (127'804) | 291'683 |
| Purchases of energy, goods and services | (96'779) | (53'106) | (93'765) | (3'619) | (675) | 97'669 | (150'275) |
| Gross profit | 24'714 | 87'053 | 30'675 | 5'971 | 23'130 | (30'135) | 141'408 |
| Personnel expenses | (6'233) | (21'728) | (3'214) | (4'462) | 1'497 | | (34'140) |
| Other operating expenses | (5'467) | (19'591) | (8'683) | (3'506) | (16'624) | 30'135 | (23'736) |
| EBITDA | 13'014 | 45'734 | 18'778 | (1'997) | 8'003 | - | 83'532 |
| Depreciation and amortisation | (222) | (17'781) | (4'746) | (153) | (3'223) | | (26'125) |
| EBIT | 12'792 | 27'953 | 14'032 | (2'150) | 4'780 | | 57'407 |
| Financial income | | | | | 1'079 | | 1'079 |
| Financial expenses | | | | | (2'665) | | (2'665) |
| Share of profit of associates | | | | | 2'604 | | 2'604 |
| Taxes | | | | | (3'103) | | (3'103) |
| Net profit (loss) | 12'792 | 27'953 | 14'032 | (2'150) | 2'695 | | 55'322 |

Reporting by operating segment as at 30 June 2015

| <i>In CHF thousands</i> | Marketing | Networks | Energy | Energy Services | Corporate | Eliminations | Total |
|-----------------------------------------|----------------|----------------|----------------|-----------------|------------------|------------------|-----------------|
| Net revenues from third parties | 127'077 | 134'677 | 16'447 | 7'724 | 2'628 | | 288'553 |
| Net revenues from other units | 5'694 | 754 | 110'697 | 806 | 23'053 | (141'004) | |
| Net revenues of business units | 132'771 | 135'431 | 127'144 | 8'530 | 25'681 | (141'004) | 288'553 |
| Purchases of energy, goods and services | (107'248) | (48'171) | (90'897) | (2'414) | (829) | 108'231 | (141'328) |
| Gross profit | 25'523 | 87'260 | 36'247 | 6'116 | 24'852 | (32'773) | 147'225 |
| Personnel expenses | (6'266) | (22'057) | (3'250) | (4'818) | (10'119) | | (46'510) |
| Other operating expenses | (5'472) | (19'547) | (11'670) | (3'630) | (15'535) | 32'773 | (23'081) |
| EBITDA | 13'785 | 45'656 | 21'327 | (2'332) | (802) | - | 77'634 |
| Depreciation and amortisation | (29) | (18'081) | (5'772) | (177) | (3'350) | | (27'409) |
| EBIT | 13'756 | 27'575 | 15'555 | (2'509) | (4'152) | | 50'225 |
| Financial income | | | | | 1'249 | | 1'249 |
| Financial expenses | | | | | (14'403) | | (14'403) |
| Share of profit of associates | | | | | (81'031) | | (81'031) |
| Taxes | | | | | (9'243) | | (9'243) |
| Net profit (loss) | 13'756 | 27'575 | 15'555 | (2'509) | (107'580) | | (53'203) |

NOTE 5

Net revenues

| <i>In CHF thousands</i> | 1/1-30/06/16 | 1/1-30/06/15 |
|----------------------------------------------------------|---------------------|---------------------|
| Energy revenues | 135'376 | 133'629 |
| Grid usage revenues from own distribution grid | 70'941 | 72'774 |
| VHV grid usage revenues and off-grid revenues | 24'544 | 24'808 |
| Reinvoiced dues, system services and Swissgrid | 25'975 | 24'170 |
| Transfers of assets and contributions from clients | 5'820 | 4'942 |
| Total revenues | 262'656 | 260'323 |
| Other income | 19'529 | 18'485 |
| Internally generated asset additions | 10'888 | 9'817 |
| Net income from disposal of fixed assets | 285 | (27) |
| Change in guarantees, losses on bad debts and provisions | (1'675) | (45) |
| Total other income | 29'027 | 28'230 |
| Net revenues | 291'683 | 288'553 |

In the past, income from the invoicing of grid usage fees to other distribution grid operators was shown under Grid usage revenues from own distribution grid. Following growth in this type of operation in recent years, such income – which totalled CHF 4.3m in 2016 (and CHF 5.0m in 2015) – must be shown under VHV grid usage revenues and off-grid revenues. Figures for 2015 have been restated.

Income from the re-invoicing to end-customers of sums paid to Swissgrid for reactive power was in the past shown under Reinvoiced dues, system services and Swissgrid. This income must henceforth be classified under Grid usage revenues from own distribution grid. It amounted to CHF 0.3m in both H1 2016 and H1 2015. Figures for 2015 have been restated.

Part of the revenue representing the standing charge paid by consumers for meter use was shown under Energy revenues in 2015. Since this can be considered a corollary of grid usage revenue from the Group's distribution grid, figures for 2015 were restated in the amount of CHF 1.7m.

NOTE 6

Purchases of energy, goods and services

| <i>In CHF thousands</i> | 1/1-30/06/16 | 1/1-30/06/15 |
|------------------------------------------------------|---------------------|---------------------|
| Energy purchases | 89'511 | 86'003 |
| HV & VHV grid usage costs and off-grid costs | 26'195 | 24'583 |
| Grid dues, system services and Swissgrid | 26'039 | 24'225 |
| Concessions and fees | 3'200 | 3'584 |
| Other purchases | 5'330 | 2'933 |
| Total purchases of energy, goods and services | 150'275 | 141'328 |

NOTE 7**Net financial income**

| <i>In CHF thousands</i> | 1/1-30/06/16 | 1/1-30/06/15 |
|--------------------------------------------------|---------------------|---------------------|
| Interest income | 745 | 211 |
| Exchange rate gains | 236 | 407 |
| Other financial income | 98 | 842 |
| Total financial income | 1'079 | 1'249 |
| Interest on borrowings, mortgages and bank debts | (1'397) | (1'338) |
| Exchange rate losses | (487) | (3'661) |
| Change in fair value of financial instruments | (724) | (8'739) |
| Other financial expenses | (57) | (665) |
| Total financial expenses | (2'665) | (14'403) |
| Net financial income (expense) | (1'586) | (13'154) |

NOTE 8**Pension liabilities**

At its latest meeting on 19 February 2016, the Occupational Pension Foundation decided to reduce the plan's technical interest rate from 3.5% to 2.5% from 1 July 2016 with a view to strengthening its future financial position. As this rate is used as a reference, lowering it automatically reduces the conversion ratio. This change has generated a one-time gain of CHF 12m in the year.

Actuarial gains and losses, recognised under Group equity in the amount of CHF 49m, were chiefly the result of the reduction in the discount rate from 0.75% as at 31 December 2015 to 0.20% as at 30 June 2016.

NOTE 9**Dividend on ordinary shares**

| <i>In CHF thousands</i> | 1/1-30/06/16 | 1/1-30/06/15 |
|----------------------------------------------------------------|---------------------|---------------------|
| Dividend paid for 2015: CHF 33 per share (2014: CHF 30) | 34'032 | 30'797 |

The dividend for 2015 was approved by shareholders at the Annual General Meeting held on 24 May 2016.

NOTE 10**Shares outstanding**

| | 30/06/16 | 30/06/15 |
|------------------------------|------------------|------------------|
| Total number of shares | 1'140'000 | 1'140'000 |
| Own shares held by the Group | (108'740) | (113'437) |
| Shares outstanding | 1'031'260 | 1'026'563 |

NOTE 11**Cash and cash equivalents**

| <i>In CHF thousands</i> | 30/06/16 | 31/12/15 |
|---------------------------------------------------------|----------------|----------------|
| Liquid assets in bank current accounts and cash in hand | 216'006 | 247'070 |
| Short-term deposits | 6'000 | - |
| Total cash and cash equivalents | 222'006 | 247'070 |

NOTE 12**Derivative financial instruments**

| <i>In CHF thousands</i> | Amount of contracts | | Positive fair value | | Negative fair value | |
|-----------------------------------------------------------------|---------------------|----------------|---------------------|--------------|---------------------|---------------|
| | 30/06/16 | 31/12/15 | 30/06/16 | 31/12/15 | 30/06/16 | 31/12/15 |
| Forward currency contracts | 55'981 | 61'204 | | | 5'178 | 4'419 |
| FX forward contracts (hedge accounting) | 61'041 | 59'712 | | | 916 | 1'254 |
| Forward power-purchasing agreements (portfolio optimisation) | 5'639 | 9'776 | 4'285 | 6'154 | 5'596 | 7'792 |
| Total derivative financial instruments | 122'661 | 130'692 | 4'285 | 6'154 | 11'690 | 13'465 |

NOTE 13**Fair value of financial assets and liabilities**

| <i>In CHF thousands</i> | Level 1 | | Level 2 | | Level 3 | | Total | |
|-----------------------------------------------|---------------|---------------|--------------|--------------|---------------|---------------|---------------|---------------|
| | 30/06/16 | 31/12/15 | 30/06/16 | 31/12/15 | 30/06/16 | 31/12/15 | 30/06/16 | 31/12/15 |
| Financial assets | | | | | | | | |
| Marketable bonds | 10'164 | 20'406 | | | | | 10'164 | 20'406 |
| Derivative financial instruments (Note 12) | 4'285 | 6'154 | | | | | 4'285 | 6'154 |
| Miscellaneous financial investments | | | | | 13'943 | 12'204 | 13'943 | 12'204 |
| Total financial assets | 14'449 | 26'560 | | | 13'943 | 12'204 | 28'392 | 38'764 |
| Financial liabilities | | | | | | | | |
| Derivative financial instruments (Note 12) | 5'596 | 7'792 | 6'094 | 5'673 | | | 11'690 | 13'465 |
| Total financial liabilities | 5'596 | 7'792 | 6'094 | 5'673 | | | 11'690 | 13'465 |

The table above provides an analysis of financial assets and liabilities accounted for at their fair value, classified by level according to the degree of subjectivity regarding the criteria used to determine that fair value.

- Level 1: Fair value corresponds to the price quoted on an active market.

- Level 2: Fair value is determined in accordance with indications other than the quoted prices mentioned in level 1.

These indications are mainly obtained from data observable on the market or by other means.

- Level 3: Fair value corresponds to a technical measurement comprising factors that are not based on observable market data.

In the case of unlisted companies for which we do not have a recent valuation, fair value is determined on the basis of EBITDA, applying a multiplier, or on the basis of discounted future cash flows. Multipliers and discount factors are based on standards used in the relevant business sector. Fair-value changes are booked to the consolidated comprehensive income statement.

There were no transfers between the various levels in the period under review.

NOTE 14**Other reserves***In CHF thousands*

| | Hedging instruments | Available-for- sale financial instruments | Exchange difference | Actuarial gains and losses | Valuation adjustment of associates | Total |
|-----------------------------------------------|------------------------|-------------------------------------------------|------------------------|----------------------------------|------------------------------------------|------------------|
| 1.1.-30.06.16 | | | | | | |
| Balance as at 1 January | 32'809 | 13'438 | (67'333) | (87'324) | | (108'410) |
| Changes at subsidiaries, gross value | 307 | 16 | 37 | (49'101) | | (48'741) |
| Tax effects | (26) | (1) | | 9'539 | | 9'512 |
| Changes at associates | (1'400) | 278 | (42) | (7'191) | | (8'355) |
| Balance at 30 June | 31'690 | 13'731 | (67'338) | (134'077) | | (155'994) |
| 1.1.-31.12.15 | | | | | | |
| Balance as at 1 January | 1'341 | 17'332 | (95) | (55'029) | (19'948) | (56'399) |
| Restatements | 33'699 | (4'176) | (49'751) | (3'830) | 19'948 | (4'110) |
| Balance as at 1 January (restated) | 35'040 | 13'156 | (49'846) | (58'859) | - | (60'509) |
| Changes at subsidiaries, gross value | (3'805) | (147) | (582) | (32'830) | | (37'364) |
| Tax effects | 266 | 12 | | 7'072 | | 7'350 |
| Changes at associates | 1'308 | 417 | (16'905) | (2'707) | | (17'887) |
| Balance as at 31 December | 32'809 | 13'438 | (67'333) | (87'324) | | (108'410) |

Restatements are detailed in Note 2.

NOTE 15**Post-balance sheet events****Ruling of the Swiss Federal Supreme Court concerning energy costs**

Under the ruling of 20 July 2016 (made public in early August 2016), the Federal Supreme Court, Switzerland's highest legal authority, confirmed that the allocation method used for energy sourcing costs (proprietary generation and purchasing) based on the average price is lawful. This practice, employed by the Federal Electricity Commission (EiCom), has to date been opposed by the power industry. The decision, along with its implementation and potential ramifications, is currently being reviewed by the industry federation, the Swiss Electricity Companies Association (AES). Given the uncertainty relating to how the decision should be interpreted and implemented, these interim financial statements do not reflect the potential impact arising from the ruling. Romande Energie Group will continue to monitor these developments closely in the months ahead, along with the possible ramifications for its business operations.

SHAREHOLDER INFORMATION

Stock exchange listing

The shares of Romande Energie Holding SA are listed on the SIX Swiss Exchange (ISIN code CH 0025607331, Swiss security number 2.560.733).

CALENDAR

10 April 2017

Publication of full-year 2016 results

30 May 2017

Annual General Meeting

Morges, Beausobre Theatre

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